

NATION'S BUSINESS



DECEMBER • 1931



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From the New Congress

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Why Great Britain Dropped
the Gold Standard

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The Small Town Merchant
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PUBLISHED BY THE
U. S. CHAMBER OF COMMERCE
MERLE THORPE, Editor





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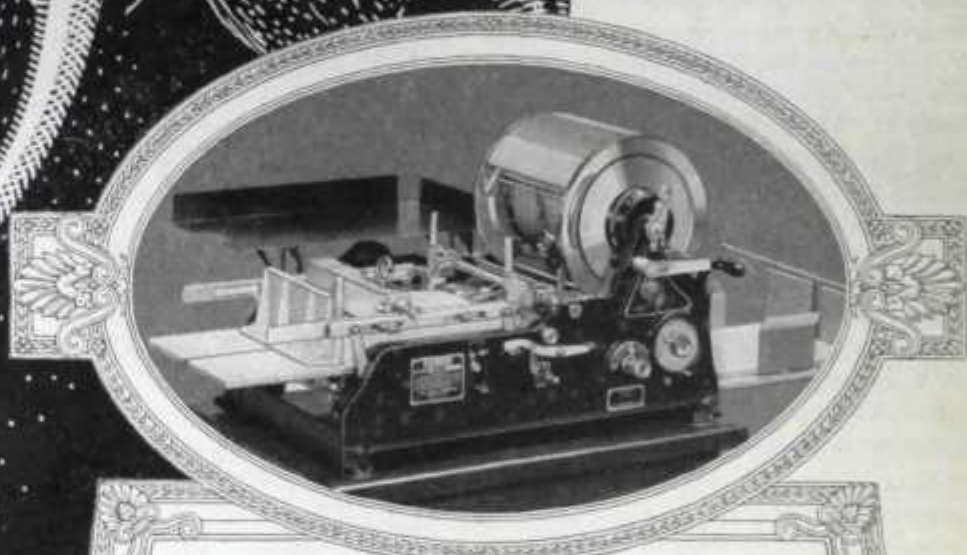
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Nation's Business is published on the 15th of every month by the Chamber of Commerce of the United States. Publication Office, Washington, D. C. Editorial, Advertising and Circulation Offices, 1615 H Street, N. W. Washington, D. C. Subscription price \$5.00 one year; \$17.50 three years; 25 cents a copy. Entered as second-class matter March 20, 1928 at the Post Office at Washington, D. C., additional entry at Greenwich, Conn., under the Act of March 3, 1879.



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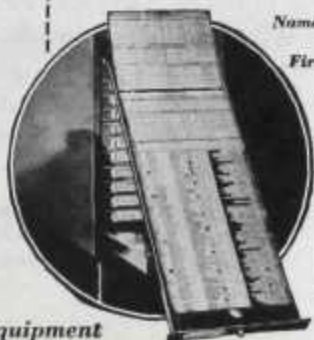
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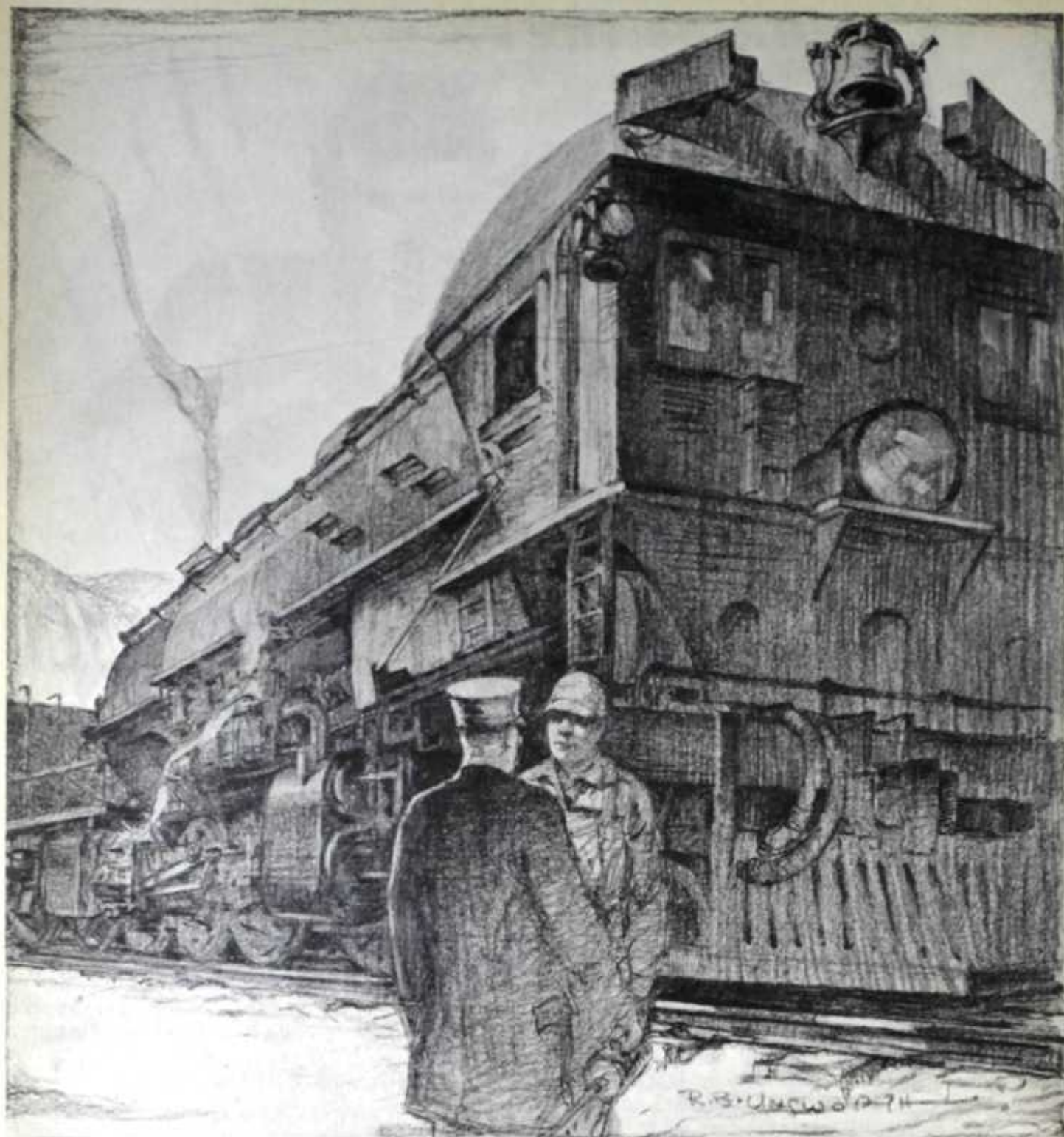
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VOLUME 19

NUMBER 12

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General Office—Washington, United States Chamber of Commerce Building.

Branch Offices—New York, Graybar Bldg. Detroit, General Motors Bldg. St. Louis, Chamber of Commerce Bldg. San Francisco, Merchants Exchange Building. Boston, 89 Federal St. Dallas, 1101 Commerce St. Cleveland, Terminal Tower Building. Philadelphia, Chamber of Commerce Building. Chicago, First National Bank Building. Atlanta, Chamber of Commerce

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Through the EDITOR'S SPECS

WHAT a Congress ideally could do for the good of the country and what it would do are worlds apart, as every seasoned observer of politics knows. With the strength of the two major parties about evenly divided, it requires no special gift of prophecy to predict that the fight for the organization of the House and the Senate will be waged under the most contentious of possible conditions.

Certainly there is substantial reason for viewing the forthcoming session of the Congress as "a program of explosions." What the business man may expect from its calendar of commotion is ably indicated in Richard V. Oulahan's article in this issue.

♦

WHEN a member of the staff proposed this article, "What Business May Expect from Congress," which begins on page 17 of this magazine, the question that everybody asked was, "Whom shall we get to write it?"

Indications were that a large number of bills affecting business would be introduced at this session. Everyone agreed that some idea as to which of these measures had a chance for success and the form they might take should be helpful to business men. But it was important that the man who wrote the article should know what he was talking about.

These considerations led us to ask Mr. Oulahan to write the article. He is one of the veterans of the Washington corps of correspondents, having represented the *New York Times* in the capital since 1912, and served the *United Press* and the *New York Sun* for many years before that time.

He served as chairman of the Standing Committee of Congressional Correspondents from 1913 to 1917, and has long been an interested observer of political and legislative events.

His discussion of legislative possibil-

Men who "know it all"

are not invited to

read this page

THIS page is not for the wise young man who is perfectly satisfied with himself and his business equipment.

It is a personal message to the man who realizes that business conditions have radically changed in the last few years, and that there is a whole new set of rules to be mastered. He feels that he ought to be earning several thousand dollars more a year, but simply lacks the confidence necessary to lay hold on one of the bigger places in business.

We should like to put into the hands of every such man a copy of a little book that contains the seeds of self-confidence. It is called "What an Executive Should Know" and it will be sent without obligation.

It contains the Announcement of the Institute's new Course and Service for men who want to become independent in the next five years. Among the contributors to this new Course are:

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FREDERICK H. ECKER, *President, Metropolitan Life Insurance Company.*

HON. WILL H. HAYS, *President, Motion Picture Producers and Distributors of America, formerly U. S. Postmaster General.*

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DR. JULIUS KLEIN, *The Assistant Secretary, U. S. Department of Commerce.*

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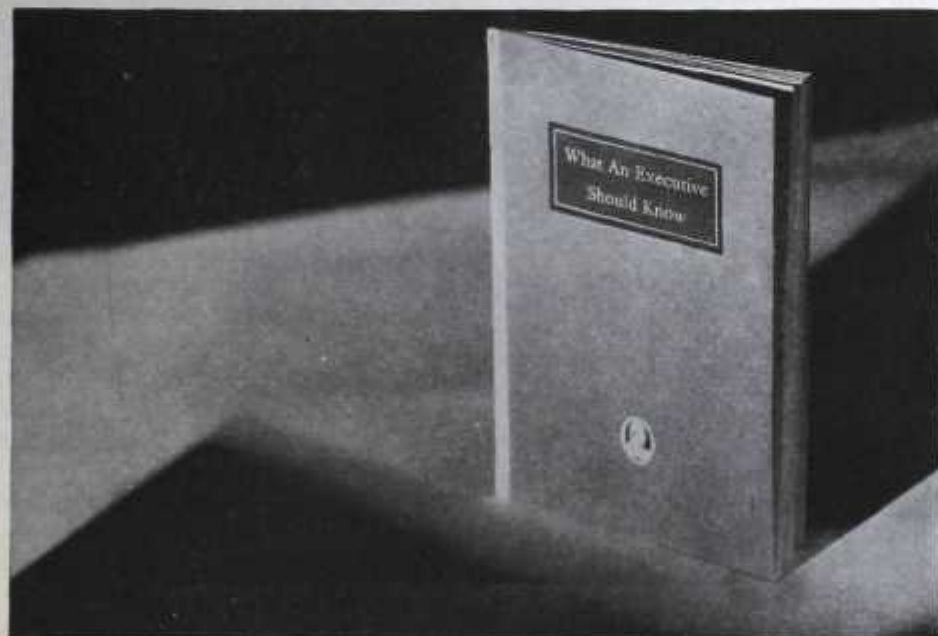
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how you can equip yourself to take your place in the new business structure with confidence and increased earning power. It contains the condensed results of 20 years' experience in helping men to forge ahead financially.



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ities is based on his own observations and conversations with leading congressmen.

THE TIMELY article by Sir Ernest J. P. Benn is a welcome but unexpected addition to this month's magazine. It was, in fact, necessary to remake the magazine to include it this month, because of its timeliness and the importance and clarity of his views.

Even as we prepared to remake the magazine, however, we were not certain that we could use the article. It reached us on the day of the British election. Sir Ernest was confident the National Government would win and had written his article with that in mind. Had the Socialists won, the article, at his own suggestion, was to be thrown in the waste basket.

The Nationals won and as a result we are able to give you, on page 25, an analysis by this prominent British industrial statesman of the reasons behind the abandonment of the gold standard.

WHEN John M. Nelson, Chairman of the House Committee on Invalid Pensions, appointed a committee of 26 men to study veterans' relief legislation, Gustavus A. Weber of Brookings Institution was the only man selected who was not in Government employ. Twenty-four of the committeemen were officials in charge of veterans' relief. The twenty-fifth was an army officer.

Mr. Weber has studied abuses growing out of veterans' relief. Himself a veteran, he has still approached the problem with the open mind of a research worker. The facts he sets down in his article beginning on page 31 were developed by the committee. The conclusions are his own.

A SUBURBAN grocer of my acquaintance was lamenting the decline in his sales the other day.

"Business keeps falling off," he told me. "My two competitors up the street are underselling me and are getting part of my former trade because they deliver goods. I've had to turn my own car into a delivery truck to keep some of my customers."

"Only this morning a woman came in and asked for a hundred-pound sack of sugar. The supply truck hadn't come out yet and I didn't have such a sack in stock. She wouldn't let me make up the amount in small sacks. I lost the sale. Another woman wanted a

quantity of fruit jars. I was short on them, too, and another sale walked out on me."

A fairly typical conversation with most any small grocer, you are thinking perhaps, in these days of chain competition. And so it is, only this particular grocer happens to be managing a chain grocery, one unit of a company that operates 200 or more stores. The competitors to whom he referred are both independent grocers.

THE former editor of a tabloid newspaper thumbed through the advance proofs of this month's magazine. He looked sad.

"What's the matter?" we asked him.

"I hate to see you pass up your opportunities."

"Who's passing up opportunities?"

He waved his hand at the proofs.

"You are. Those stories are all right but you don't give them a chance. Why don't you make them shriek. Startle people into reading them. Make your readers excited."

"How would you do that?"

"With the headlines. For instance, here's a story by Dick Oulahan. You call it, 'What Business May Expect from Congress.'"

"What's wrong with that?"

"Here's what's wrong with it. Suppose I say to you, 'This is how it looks to me.' Maybe you listen and maybe you don't. In effect, that's what your Oulahan head says. But if I say to you, 'Say, I've found out something,' you listen. That makes it sound mysterious. Why don't you call the Oulahan story this:"

He scrawled on a piece of paper:
CONGRESS PLANS BARED

"'Plots' would be better than 'Plans'," he commented critically, "but that's maybe too strong. You could say: 'Solons' Schemes Exposed.' See what I mean?"

We saw what he meant.

"But," we said, "that's only one story. Can you do that with every article?"

"Certainly," he said. He went through the magazine. When he had gone we looked at his suggestions. Here they are.

Blue Serge Suitor Sought in Trade Death—Page 21

Gold Dearth Balm to Trade—Page 25

Lure of City Perils Villager—Page 28

Vets Loot Treasury—Page 31

"Lie Caused Woe," is

Love's Lament—Page

35

Frozen Assets on Hot

Spot—Page 95

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Progress Through Patience

IT IS the fashion to talk about revolution, to demand that this or that radical change be made instant—or get ready for total collapse and the disintegration of society. Yet, if one looks backward, he cannot help but see that the United States has constantly moved forward. A line on a chart would show the course always upward and unaffected by our sporadic fevers of "progressive reform."

We see readily enough that our institutions are progressing, but rarely do we inquire why, because our national life has had more reporters than interpreters. As the president of Brown University, Dr. Clarence A. Barbour, puts it:

When we look back over the path of humanity, we see that fruitful times have passed without interpretation. The first decades of the twentieth century teemed with significance. . . . Never have people been given such enlarged privileges. . . . Men are insistent that we come to grips with reality, but the prevalence of the opportunist is the bane of our civilization.

It may be that Dr. Barbour is too hard on the revolutionary state of mind. Possibly the significance of change is obscured with the enchantments of distance. The occasion and opportunity for national planning has been dinned into our ears by eloquent and plausible pleaders. Russia has provided them with a ready-made text. Advocates of the Russian idea have often boasted that the Soviets' unique system was immune to capitalistic ills. But the weight of observation is against any such conclusion. Whatever advantages are gained in one direction must be paid for in another.

For evidence, we are now hearing that "Red" Russia has disappeared, that the terror has vanished, and that Communism, except for propagandist purposes, is no more. The Russian people, recent observers report, are constrained to make their living in the old-fashioned way of working for it. What had been noisily heralded as a complete scrapping of the capitalist system seemingly amounts to a quiet back-door acceptance of the old order.

So, too, in Germany. Dr. Carl von Siemens,

German progressive economist and head of the great Siemens & Halske Company, thinks there is too much talk of revolution in his country and in Europe, and adds that "wherever there is revolution there is an economic setback."

The revolutionary attitude itself must pause before the difficulty of reconstituting a better order out of the elements of the one with which it is now dissatisfied. Steadily "we have seen the methods of violence become more costly to those who resort to them; a less successful, a less practicable response to the pains of the social order in which we live."

Despite all this—despite the recent decisive action of England's yeomanry in repudiating legislative short-cuts, we shall see in this country a myriad of revolutionary schemes and bankrupting proposals forced upon the Congress as soon as it meets. Silas H. Strawn, president of the National Chamber, after a call at the White House, declares that the coming session may see the introduction of all kinds of revolutionary bills for unemployment relief.

"What the Federal Government may do," as the *New York Times* so clearly sees, "within its necessary limitation of power, and with its eye on the Treasury, and the special exigencies of our public finance, will undoubtedly be done." But "beyond that madness lies."

The great issue now is whether the American people will continue to work out their national destiny with intelligent patience, through evolution, or whether they will yield to the extremists who will take nothing less than an immediate and complete solution of all economic problems.

"It is not the capitalist system, or any other system," the *New York Times* reminds us, "that is put to hazard. What is to be tested is the national character. That it will shine out as after previous crises there is every reason patriotically to hope."

Merce Thorne

POPULAR FALLACIES OF INDUSTRY

(A Nomination for Nation's Business)



"LET'S RIDE ALONG WITH THE
OLD PLANT ANOTHER YEAR"

SINKING SHIPS seldom make port. Wise captains know this, and lose no time in sending out an S. O. S.

Yet many an executive—whose business is steadily going down under a heavy deficit—continues to defend an old Plant that has already proved it can't weather today's economic storms. A fallacy that has sent more than one business to the bottom!

And make no mistake about it. A plant that is out of gear with modern production methods is a sinking ship. So is one that's geographically

"off center"—too far removed from new raw material sources. So is one that's been left behind by the tide of shifting markets.

Scores of progressive manufacturers—faced with one or more of these situations—have discussed their problems with Austin. A careful study has revealed the wisdom of certain changes. In many instances, merely modernizing the old plant, involving slight reconstruction, led the way to increased profits. In some cases, Austin has recommended the new and revolutionary "Controlled Conditions Plant," an entirely new type of plant and

method of operation. And in other cases, a branch plant or warehouse solved the difficulty.

If your plant is playing a losing game—after you've checked and double checked every part of the business, why hesitate to consult with an outside organization? In these times no one can afford to overlook any opportunities. Why not grant Austin a brief interview which may bring you ideas that will have an important bearing on your business NOW and for years to come? Use the memo below to get "The Return Trip to Profits," a brief discussion of ways and means!

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NATION'S BUSINESS

Published at Washington by the Chamber of Commerce of the United States

MERLE THORPE, Editor

DECEMBER, 1931

VOL. XIX No. 12

As the Business World Wags

THUS WE MAY SEE, QUOTH HE.
HOW THE WORLD WAGS—*As You Like It.*

The World Is Feeling Better



November 5 helped make the farmer richer in actual money and richer in hope.

The rise in wheat was based on solid causes. Russia had apparently less wheat to be exported than the public had been led to believe. Our own winter wheat was not promising and elsewhere there were prospects of smaller crops. The carryover will be less than expected. Farmers who had feared they must feed wheat will sell it and corn will be in better demand—a beneficent circle.

Other prices, notably oil, were better, the proposed National Credit Corporation got rapidly under way and the public forgot its fears about the banks and took some hidden millions out from between the mattresses and put them back into the bank. The flow of gold abroad was checked.

All in all the public seemed to emerge from the black and hopeless despair which had enveloped it earlier in the fall. After thinking things over, men decided that we've had bad times before and recovered, that the world still goes 'round on its axis, that men must eat and sleep and wear clothes and that as the old things get frayed at the edges they'll buy new ones.

A healthier state of mind goes with a healthier state of body. We shall not get well all at once. We may have a few relapses. Certainly we shall have to go slow for awhile. But at least the world has been feeling better.

Democracy Triumphant



anti-Socialist and anti-Labor Party.

We have heard much in recent months of "the failure

THE business horizon, as this is written in the second week of November, seems brighter. Wheat has helped. A jump in price from 44 cents on October 5 to 70 cents on

of Democracy"—a cry that accompanies every considerable depression. If times are hard, if the spectre of unemployment haunts, then some of us are always ready to cry "Democracy has failed," and to propose a leap in one direction into the Socialist pit or a timid proposal that we head in the other direction, to autocracy or a dictatorship.

The fact is that so far as Great Britain and the United States are concerned Democracy has not failed, it has triumphed.

Said a visitor to this office a few weeks ago:

"Did you ever think what might have happened if this country had been somewhere else in the world? We'd have had perhaps a march on Northampton to drag Mr. Coolidge from retirement, a few shots fired, Mr. Hoover would have packed up his belongings, taken a boat perhaps to Paris and awaited a clarion call from some fellow patriots to return."

Fanciful, but it's a picture of what happened in many another part of the world. To this country it never occurred to deviate from the orderly way of Democracy, to ask the will of the people and to put that will into effect.

Back to Our First Plans



WE SPOKE of Great Britain as having taken a fine step backward. Perhaps it's time in this country to propose a Retrogressive Party. We have heard much clamor from the Progressives whose main planks seem always to include further invasions of Government into business and into private life.

It is not easy to appraise the blame for depressions. In the case of Great Britain, Sir Ernest J. P. Benn in an article on page 25, lays the burden of responsibility at the door of Government. His reasoning is easy to follow. A steadily increasing share of British income was being spent by Government and being spent wastefully and not productively. Result: depression and a departure from the gold standard.

How much of our own trouble is due to high taxes? How much do high taxes slow up recovery? And how

much of high taxes is due to socialist and half-socialist projects of Governments masking as progressive?

Suppose we should turn retrogressive and march backward nearer to the plans and ideals of the founders of our American system of government.

Plight of the Railways



THE RAILROADS asked for bread and got not a stone but something less than half a loaf. They sought—not whole-heartedly it is said—for a 15 per cent increase in freight rates which they figured would yield them five hundred million dollars.

The Interstate Commerce Commission granted them five and six per cent increases in some commodities. This, said the Commission, would increase their revenues by 100 to 125 million dollars.

And this gift had a string tied to it. Whatever the prosperous roads got as a result of this gift must be handed over to their brethren whose pocketbooks are empty.

At this writing the railroads seem uncertain whether to accept or reject the gift. They are in fact sidling toward it with much the air of a man who sees a pocket-book on the sidewalk on the first of April.

But the business reader who contented himself with a summary of the Commission decision or the headlines in his newspaper, might well have gone further.

The Commission didn't content itself with deciding the case immediately before it. It renewed its battle for the repeal of Section 15A of the Interstate Commerce Act (the recapture clause) and substitution of the Commission's own plan which says that that body "shall from time to time determine what percentage of the aggregate of the contemporaneous rate bases of the operating carriers constitutes a fair return thereon. . . . Having determined such fair return the Commission shall endeavor to adjust the general level of rates so that operating carriers as a whole will . . . earn an aggregate net railway operating income equal, as nearly as may be, to such fair return."

The substitute which gives great authority to the Commission has been attacked by the general counsel of the Association of Railway Executives as unconstitutional.

If, as is not unlikely, the proposed amendment is pressed in the coming session of Congress, there is likely to be a lively fight.

A Panacea For Efficiency



NORMAN THOMAS, at one time and another Socialist candidate for President of the United States, for Governor of the State and for Mayor of the City of New York, recently ran for President of the Borough of Manhattan and devoted much of his speech-making to a criticism of the uprightness and intelligence of our governmental agencies.

Said Mr. Thomas as quoted by the *New York Times*: "At the very moment when the breakdown of the old economic order, the moral bankruptcy of the economic racket . . . is most apparent, there is also the utmost

justifiable cynicism about the honesty and capacity of all our governmental agencies."

Yet Mr. Thomas' method of repairing the breakdown of the old economic system, of restoring credit to a bankrupt economic system would be to add to the economic power of Government, to put more responsibilities on the agencies and add to the justifiable cynicism. Mr. Thomas seems to feel that if we could only change the brand of our politicians, if we could only call them Socialists instead of Democrats and Republicans, then officeholders and politicians would in some miraculous way be gifted with the efficiency and honesty which he seems to believe both business and politics now lack.

Listening to Business At Last



SOME six months ago the Federation of British Industries submitted to a plan for the rehabilitation of British business. Since it was issued that country has gone through serious times. She has, for the time being at least, deserted the gold standard. She has also acquired a new government and that government seems disposed to put into effect plans for the betterment of business which business itself has devised.

On the subject of a tariff the report said among other things:

It will therefore be necessary for any Government which intends to introduce a tariff system to begin by obtaining immediate powers from Parliament to impose a temporary emergency tariff of a simple character including the power to impose supplementary duties, or to take such other action as may be necessary, to prevent dumping, within such limits as Parliament may lay down. This should also be accompanied by powers to control imports, so far as our international obligations permit, until the emergency tariff can be put into operation.

Almost immediately after the British election the news dispatches from London reported that emergency powers to prevent dumping would be asked of Parliament pending a careful study in preparation for a permanent tariff.

It is refreshing to find a country ready to heed and act on the reasoned proposals of an association of business leaders.

Relief for Unemployment



THE Committee on Employment Plans and Suggestions set up by the President's Organization on Unemployment Relief, has made its report. Out of the great grist brought to its mill it has sifted out ten points. These ten points which make an economic plan for the resumption of industry in this country are too long to print here but may be obtained in full from the committee or from *Nation's Business*. Briefed, they are:

1. United national action to encourage every American citizen now employed to resume normal buying—to use available income to purchase goods normally needed and in the replacement of which labor is employed.

2. Public confidence in our financial and credit structures must be reestablished.

3. Bankers may make their effective contributions to the national program through assuming as liberal and encouraging an attitude as possible toward the credit

requirements of their average customer.

4. The spreading of available work in industrial, commercial, and professional enterprises still is the most fruitful field for immediate unemployment relief.

5. Federal, state, and local public service has not felt the pinch of unemployment. This group, representing one of the largest single blocks of labor, must be called upon for their fair contribution.

6. Nothing be omitted to make immediately available new additional employment represented by public work already authorized but delayed by red tape.

7. Special consideration to provision of part time employment, at least, for the white-collar class, male and female.

8. In making effective the spread of employment, consideration should be given by every unit of industry to the capacity of each individual employee for self help and to his personal and community responsibilities.

9. Community and district surveys to determine the extent of "made work" available.

10. Survey should be made of the possibility for transfer of surplus labor from cities to farms, on a work-for-keep and/or other basis.

We have heard much outcry for an economic council and an economic plan. The committee headed by Harry A. Wheeler was an economic council of the highest order.

Its proposals form a plan that is feasible and followable. If the public really wants an economic council to lead them, here it is.

The way the public receives it will mean more than 1000 pages of testimony before a Senate committee on the theory of it.

Help Forced on the Farmer



OUT in Minnesota they believe in direct action by taxpayers. Taxpayers' associations with farmers and urban dwellers working together have sprung up all over the

state, says the Associated Press.

Its dispatch adds:

The Faribault County Board reduced its budget \$45,000 after 2,000 persons had met on the court house lawn. It eliminated agricultural and home demonstration agents and weed inspectors and slashed road and bridge construction funds.

But what's this? We thought it had been proved by agricultural departments, federal, state and county all over the United States, that what the farmer really wanted was demonstration agents, weed inspectors, etc., that Government only went into such work in answer to an insistent demand for these services from the people among the grass roots.

Christmas Can Fur- nish Employment



"DEFEND me from my friends," might have been the prayer of the Gifford Unemployment Committee when well-meaning but too zealous women proposed a general cutting

out of Christmas presents and the donation of the money saved to go to local unemployment funds.

Retailers rose at once and said, "Don't, don't encourage this sort of thing. Christmas buying and selling means extra employment and employment is a

far better cure for unemployment than the kindest and best managed charity."

There is no way of advising the individual how much of his income should go to the unemployment funds except that old and familiar advice that the giving should hurt at least a little.

But to save that giving out of Christmas presents at a time when the business world is a little sunnier would be a pity!

The High Cost of Government



RECENTLY Secretary of the Navy Adams set out to prove that the World Peace Foundation in its figures regarding naval costs in this country and Great Britain were

wrong. This magazine is not concerned in the three-cornered battle among the Administration, the Navy League and the Peace Foundation, but appended to the statement were some figures which moved us greatly. Here they are:

	NATIONAL INCOME 1930	TOTAL COST OF GOVERNMENT 1927-28 (National and Local)
United States	\$89,419,000,000	\$12,190,000,000
United Kingdom	18,390,000,000	6,724,000,000
Japan	5,500,000,000	2,528,000,000

Figures of government costs for other countries were not given but these three are enough. That a country should spend more than 40 per cent of its income on government is almost incredible, yet that is the figure given for Japan. More than one-third of Great Britain's national income is being spent by Government and her recent troubles are laid to that fact. The United States may have a safer margin but it seems true that one-seventh of our enormous national income goes for government and that that share has been growing yearly.

How far are we from danger when the cost of government for 120 million men, women and children is more than 12 billion—more than \$400 a year for every family?

King Log or King Stork?



INDUSTRY has failed to cope with the situation. The Government must step in and assume the responsibility for leadership—SIDNEY HILLMAN TO THE LAFOLLETTE COMMITTEE ON ECONOMIC PLANNING.

FROM ÆSOP'S FABLES:—"The Frogs, living an easy, free life everywhere among the lakes and ponds, assembled together, one day, in a very tumultuous manner, and petitioned Jupiter to let them have a King who might inspect their morals, and make them live a little honester.

"Jupiter, being at that time in pretty good humor, was pleased to laugh heartily at their ridiculous request; and, throwing a little log down into the pool, cried, 'There is a King for you.'

"The sudden splash which this made by its fall into the water, at first terrified them so exceedingly, that they were afraid to come near it. But in a little time, seeing it lay still without moving, they ventured, by degrees, to approach it; and at last, finding there was no danger, they leaped upon it; and, in short,

treated it as familiarly as they pleased. But not contented with so insipid a King as this was, they sent their deputies to petition again for another sort of one; for this they neither did nor could like. Upon that he sent them a stork, who, without any ceremony, fell to devouring and eating them up, one after another, as fast as he could.

"Then they applied themselves privately to Mercury and got him to speak to Jupiter in their behalf, that he would be so good as to bless them again with another King, or restore them to their former state.

"'No,' says he, 'since it was their own choice, let the obstinate wretches suffer the punishment due to their folly.'"

Without admitting that industry has been King Log we are certain that Government would prove to be King Stork.

Pessimism in Depressions



ON page 35 John W. Love tells us that all depressions go through much the same mental cycles. Mr. Love finds much support for his contention. He might have quoted from a recent issue of the *Brookmire Analyst* this extract from a report written in 1886 by the Commissioner of Labor.

The rapid adaptation and development of machinery have brought what is commonly called overproduction, so that machinery and overproduction are two causes so closely allied that it is quite difficult to distinguish the one without taking the other into consideration. . . .

On all sides one sees the accomplished results of the labor of half a century. What is strictly necessary has been done oftentimes to superfluity. This full supply of economic tools to meet the wants of nearly all branches of commerce and industry is the most important factor in the present industrial depression. It is true that discovery of new processes of manufacture will undoubtedly continue and this will act as an ameliorating influence, but it will not leave room for marked improvement extension such as has been witnessed during the last 50 years or afford employment to the vast amount of capital which has been created during the period.

The nations of the world, he said, had overstocked themselves with machinery and manufacturing plants far in excess of the wants of production. And moreover, "the day of large profits is probably past." How greatly time has amended and revised that official judgment the present generation can conveniently reckon for itself.

The realist will not be hard put to reject the Commissioner's astringent implication that America's future is behind her.

The Taxless Town Of Alstead



TAX bills mount and salaries and wages stand still or decline. The taxpayer gazes at his bill and groans.

Let him look northeastward to the town of Alstead, New Hampshire, and reflect on how blessed might be existence there.

Alstead, unknown to most of us, is in Cheshire County down in the southwest corner of New Hampshire.

Its population is not large and the census reports

it as declining—711 in 1910; 672 in 1920 and 616 in 1930.

Those 616 remaining citizens of Alstead will in the future have little worry over taxation. They have "come into money."

Charles N. Vilas, native of Alstead, once hotel clerk and later part owner of the old Fifth Avenue Hotel in New York has endowed the town. He left it money to build, and a fund to maintain, a high school; he presented to it parks and a sum for their upkeep; he gave \$40,000 to each of the town's four churches and then his will added \$500,000, the income to be used "for the general purposes for which the taxes levied by the said town are used in order that the taxes of the said town may be reduced."

The few inhabitants of Alstead with churches, parks and high school paid for and endowed ought to do well on the income of half a million.

When All Steaks Become Tender



WHEN Wanamaker's advertised "the first chance in New York to taste the Birdseye frosted foods" it said its restaurant had prepared "a revolutionary idea in menus."

The foods in this introductory luncheon were frozen at 50 degrees below zero after being packaged, thereby "preserving the original flavor because the process seals in the original freshness."

The bill of fare included frosted blue point cocktail, broiled frosted lamb chops, frosted fillet of sole, frosted green peas, and frosted red raspberries.

Trial packages of frosted foods were conveniently on sale, and the ways of cooking the new frozen foods were demonstrated in connection with the housewares department.

While these new fashions in edibles were titillating New York palates, the convention of the American Chemical Society in session at Buffalo was hearing, through its reports, that freezing could bring low grade cuts of meat to the tenderness and flavor of the finest sirloins.

Taking a sample slab of meat two scientists cut it into four parts. One of the pieces was tested by a cutting gauge; another was quick frozen and immediately thawed before testing; another was frozen and placed in storage four days; and another was frozen and stored for sixteen days.

The results of this demonstration, report says, showed the quick-freezing process reduced considerably the pressure necessary for cutting; that there is a "tendering" process during storage, and that the relative tenderness increased even more in storage than on quick freezing.

A week's storage of quick frozen meat, according to the experiments, increased the tenderness approximately 20 per cent.

As every one knows, the way of a chemist with a steak has needed no other alchemy than appetite. From these subzero experiments it may turn out that the layman, as well as the scientist, will be able to get his meat from the corner butcher on the basis of legal tender.

What Business May Expect of Congress

By Richard V. Oulahan

Chief of Washington Bureau, the New York Times



A NEW factor enters the business situation December 7. That factor is the Seventy-Second Congress. What will it do about unemployment, taxes, the tariff? About railroads, farm relief and banking? We asked Mr. Oulahan, a veteran in the corps of Washington Correspondents whose work as bureau head for a leading newspaper has given him a wide acquaintance among political leaders, to answer these questions. Here, then, is the outlook for business legislation as it appears to a careful observer

ONE difficulty in attempting to envisage the scope and character of its activities in advance of the assembling of the new Congress—the seventy-second of our Constitutional history—lies in the lack of material for comparison. With the political party alignment virtually equal in each House, the uncertainty of any continuous party control is apparent. This condition is emphasized by the greater power of the recalcitrant Republican group in the Senate and the temptation of those House Republicans of like inclinations to take advantage of the opportunity for insurgency afforded by the impotence of their regular party associates.

Of what various economic and sectional groups will seek to accomplish in the way of legislation we have evidence a-plenty, but no guide to determining how or whether they will become consolidated into an effective majority in either or both chambers.

The outstanding circumstance is that the collective mind of the new Congress is concentrated on the economic situation. By that token we may expect to see the major amount of attention given to legislative proposals designed to relieve or cure the ills from which we are suffering. Because of the diversity of opinion with which the new Congress is impregnated, the possible inability of various independent and semi-independent balance-of-power groups to harmonize their own differences, and the prospect of vetoes of legislation

passed by coalitions of Democrats and insurgent Republicans over the opposition of the Administration forces, there is a tendency to predict that, when the coming session adjourns some time next spring or summer, the legislative record of accomplishment will be slim indeed.

Many cure-alls will be offered

AT the same time it is clear that, with the bitter lessons of the economic depression dominating the thoughts of our national legislators, an overwhelming majority will desire to go back to their constituencies in the crucial political contests of 1932 with a showing of at least having made some effort to relieve the burdens which the depression has imposed. Cure-alls, or cures-for-this or cures-for-that will be offered by the score or the hundred.

To grope one's way out of the forest of uncertainty, a starting point may be found in the recommendations and suggestions President Hoover will submit

to Congress in his annual message. Part of his program we already know from the statement he gave to the press after a three-hour conference with 32 Senators and Representatives October 6. Other factors of his legislative program are apparent from statements by members of the Administration. The President's reactions to various proposals requiring legislative sanction are evident from his public utterances, especially a speech before the Indiana Republican Editorial Association in Indianapolis, June

15. This speech is especially important in indicating rather plainly the sort of legislation the President would veto if it were sent to him by Congress. Then, too, we have the knowledge that the President intends to make proposals to fit certain situations—especially with regard to railroad securities—but is undetermined as to what form they should take. We may expect conclusions concerning them by the time Congress assembles.

The following reactions of the President to current agitation of various projects are suggested by the Indianapolis address:

1. No heavy increase in governmental appropriations for public works to combat unemployment. We must "refrain from robbing industry and commerce of its capital."

2. Refusal to accept proposals that the Federal Government abandon its system of employment agencies "and appropriate large sums to subsidize their establishment in other hands." This, ac-

cording to the President, "would in many places endow political organizations with the gigantic patronage of workmen's jobs."

3. No doles. No governmental unemployment insurance. The President endorsed the creation of unemployment insurance reserves in private industry.

4. No revision of the tariff. Inequalities can be adjusted by the Tariff Commission whose "machinery is functioning."

5. "Our banking system must be organized to give greater protection to depositors against failures."

6. Revision of the capital gains tax.

7. Reconsideration of our tax structure with "real" relief afforded to farmers, home owners and "all real property holders as compared to other forms of wealth and income."

Capital gains may be repealed

IN THE intensive effort to be made in behalf of tax revision, proposals to modify or repeal the capital gains tax are bound to have a conspicuous part. This tax applies only to individual income obtained from the sale of securities and other property held more than two years, corporations being subject to a rate of 12.5 per cent without regard to the source of the income. There has been a growth of sentiment in Congress and the Administration in favor of lowering the rate. In his Indianapolis address President Hoover said:

"It is obvious that our taxes upon capital gains viciously promote booms and just as viciously intensify depressions."

But it would be idle now to hazard a guess as to the congressional reaction toward the renewed agitation for lowering this tax.

It should be understood that measures for combating and, if possible, overcoming the burdens imposed upon the American people by the economic slump are nearest the President's heart. Almost as near, but put into the immediate background by the more pressing situation of his own people, is the desire to accomplish something worth while in the way of what we loosely term disarmament. All Presidents are ambitious to erect some enduring monument to themselves, and lifting the burden which military armaments impose appears to be Mr. Hoover's idea of such a monument.

Into this suspected ambition enters the current economic distress of most of the world. Prior to his conversations with Premier Laval of France in October, Mr. Hoover's plan supposedly con-

templated offering, as an inducement to substantial armament curtailment by Europe, a downward revision of Europe's debts to America. But the Hoover-Laval exchanges sidetracked for the time being any agreement with reference to disarmament, and disposition of the debt question through a reexamination of German reparations, with a possible subsequent survey to determine the capacity of our European debtors to pay.

From those efforts of the new Congress which deal with our economic welfare some revision of the internal tax structure may be expected. In his Indianapolis address, the President said:

"The experiences of this depression indeed demand that the nation carefully and deliberately reconsider the whole national and local problem of the incidence of taxation."

The Administration is making a strenuous effort to make some approach toward balancing the national budget in the face of a heavy and growing deficit. This is being undertaken through ruthless slashing of estimates for public expenditures for the fiscal year which begins next July, but some upward revision of our tax laws is regarded as necessary to accomplish the purpose contemplated. That Congress will respond to this situation by passing a revision bill is generally conceded but the Administration will not be found wholeheartedly behind the proposal either of Senator Reed of Pennsylvania or Representative Bacharach of New Jersey.

Two tax plans proposed

SENATOR Reed contemplates a general sales tax of one-half of one per cent, increased inheritance taxes, and repeal of the capital gain and loss provision of the revenue law. Representative Bacharach proposes increased surtaxes on a graduated scale beyond the current maximum 20 per cent rate on net income exceeding \$100,000, increased estate taxes, revival of the gift tax, and a sales tax on luxuries and non-essentials. Acceptance of some of the features of these two extremes may be expected as the reaction of the Administration's following in Congress if the enactment of tax revision becomes apparent.

In this connection it is well to understand that, if any tax revision bill passed by Congress should combine features contrary to the President's desires with provisions which he regards as sound, there would be no certainty that he would veto the measure. Unless the provisions not to his liking are too pa-

tently objectionable, he might swallow the unwelcome portions for the sake of obtaining those he regarded as good. To other proposals, there might possibly be added the repeal of the statutes concerning tax exempt securities, for Secretary Mellon and Undersecretary Mills have been outspoken in opposing their continuance.

Broader base for tax

THE Administration is hostile to a general sales tax and it places no dependence for additional revenue on increases in the higher brackets, as Representative Bacharach suggests. If tax revision is regarded as imperative, the Administration is more likely to favor taxes on automobiles and certain luxuries, with possibly a broadening of the tax base, which would contemplate a reduction in the exemptions now permitted heads of families. Secretary Mellon has pointed out that we rely for two-thirds of our governmental revenues on the income tax "which is subject to sweeping variations and depends on a variety of circumstances but principally on the upward and downward swings of business." It is dangerous, he contends, to depend for so large a part of our revenue on a comparatively small number of taxpayers.

Along with this goes the suggestion that, once a balanced budget is achieved and a safe working cash balance assured, a sinking fund might be created from surplus revenue for use in time of depression when income tax receipts would be markedly reduced.

There appears to be no marked likelihood, however, that Congress at its coming session will adopt a legislative measure for creating a rainy-day reserve. Legislative minds will be intent on the impending presidential campaign, and the proposal in question runs counter to the principle advocated by considerable portions of the membership of the Senate and the House that Treasury surpluses should point the way to a lessening of governmental income through tax reduction.

The taxation phase of legislation has a relationship to the efforts that will be made in the new Congress to adopt measures for relieving the national distress. President Hoover has set his face against governmental provision for anything resembling a dole and has sought to counteract sentiment for direct payments from the Treasury to those in need by creating the President's Organization on Unemployment Relief under the directorship of Walter S. Gifford. This body is following the President's

formula by marshalling community welfare forces so that each community will be expected to handle its own situation. The Administration and its following in Congress will be found strenuously resisting such proposals as that of Senator Brookhart for a government loan to provide employment and relieve distress, although such a close friend of the Administration as Senator Fess, chairman of the Republican National Committee, has said that, although the emphasis must always be on local responsibility and voluntary action, it is possible that the Government may be compelled to contribute where charity and state and municipal agencies are unable to meet relief requirements.

The President's program for counteracting immediate financial ills, as far as disclosed, is simple. As outlined in his statement of October 6, it contemplates certain measures by the banking interests and some legislation by Congress. The first step already has been taken in the organization of the National Credit Corporation. Prior to the October 6 conference, bankers had been called upon to make advances on the security of frozen assets of closed banks.

As for legislation, the President made known that he would ask Congress to broaden the eligibility provision of the

Federal Reserve Act. This would make bank assets more liquid and enable bankers to obtain legitimate accommodations on sound security in times of stress. Another promised recommendation would have Congress provide additional subscription to the Federal Land Banks to provide farmers with such credits as they may require. As an anchor to windward, the President announced that, if the measures he outlined were not sufficient to cope with the situation, he would ask Congress to create a Finance Corporation "similar in character to the War Finance Corporation," with sufficient funds provided for any legitimate call in support of credit.

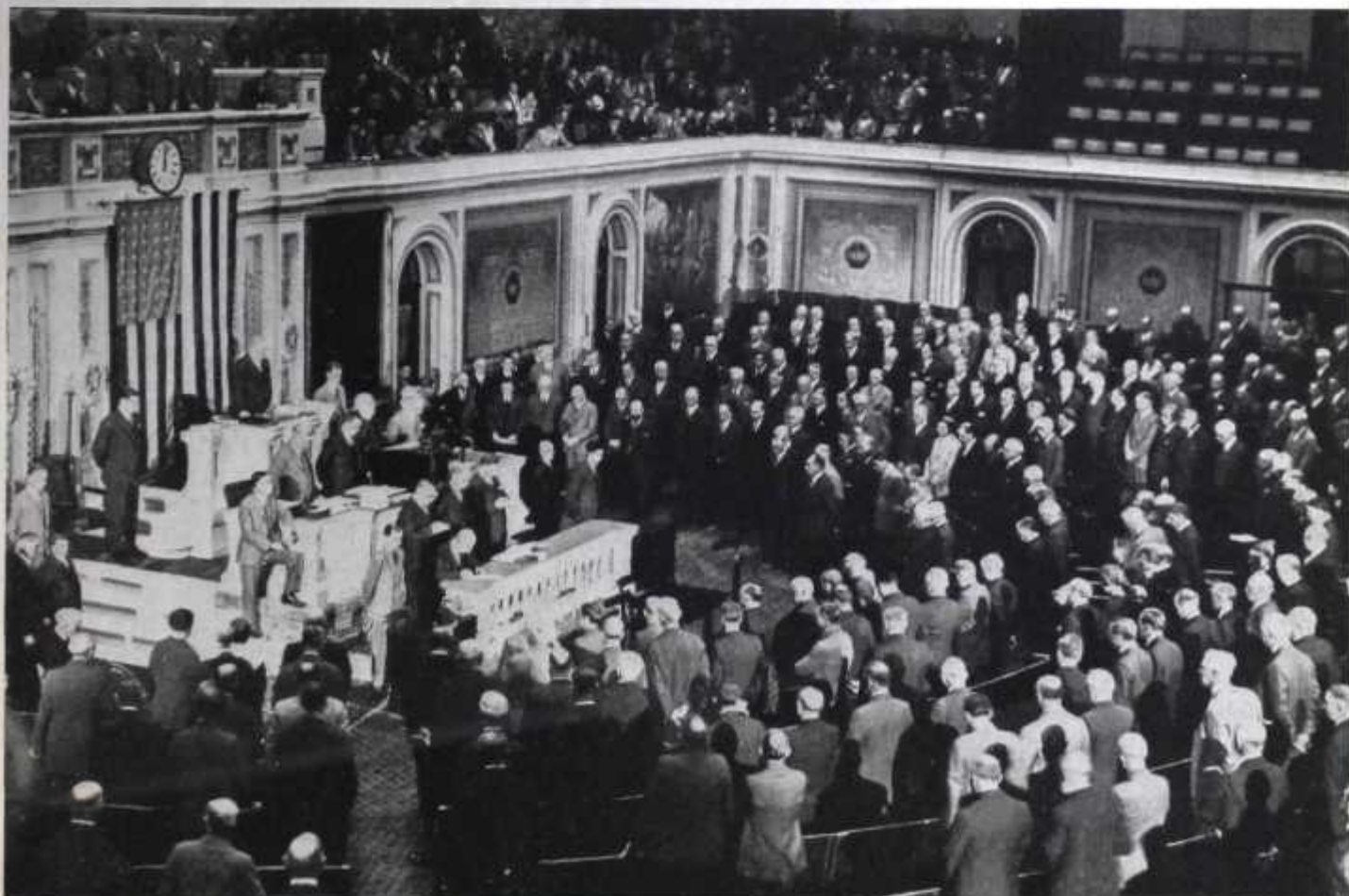
Suspicion of Reserve changes

ACCORDING to the President's own public statement, the Senators and Representatives with whom he conferred approved his proposals in principle. This assures the legislative program sympathetic consideration, with the prospect that it will emerge from the congressional hopper in some form of enactment, in spite of Senator Glass' outspoken suspicion of the purpose of broadening the eligibility authority of Federal Reserve Banks.

But there is evidence that President Hoover and Senator Glass have found common ground for procedure which contemplates measures that will allay Mr. Glass' apprehension that the original program was to provide for broadening the eligibility of Federal Reserve System paper in a way that would convert the System, as Mr. Glass expressed it, into a "purely speculative enterprise." Out of various White House conferences there seems to be emerging a plan calling for legislative action to create a central rediscount bank with a large capital, whose chief function would be to rediscount real estate paper. Such an arrangement would be in line with the President's ardent desire to thaw out frozen real estate mortgage paper.

It is the supposition, however, that, in laying before Congress proposals relating to the Federal Reserve System and otherwise affecting banking, the President will avoid making positive recommendations. Rather he is expected to explain conditions that, in his opinion, require remedying, and leave to Congress the determination of the scope, character and details of remedial legislation.

Other measures that will possibly require legislative action are likely to be added to the President's stabilization pro-



This scene will be reenacted with many new faces December 7 when the Seventy-Second Congress assembles for the first time. Shown here is the opening of the Seventy-First Congress

UNDERWOOD & UNDERWOOD

gram. Protection of railroad securities in the interest both of the railroads themselves and those savings banks, insurance companies and trusteeships which have invested in them, is a foremost feature of the Administration's exploratory study. With no certainty at this time that any legislation directly affecting the railroads will be enacted—experience in the past and especially in the Congress which terminated last March having shown the difficulties in reaching an accord between the two Houses—the groundwork has been laid for serious and probably prolonged consideration of the revision of laws affecting them.

The five-system plan of consolidation of the Eastern railroads offered by the Interstate Commerce Commission as opposed to the newly-revised four-system plan of the railroads themselves provides ammunition in the battle that will be renewed when Senator Couzens' resolution for temporary suspension of all consolidations of important railroads is brought forward in the new Congress. The temper of the Senate was shown in its adoption of the Couzens resolution by a vote of 46 to 27, with more than half the Republicans and 22 out of 29 Democrats present supporting it.

Fights on rail mergers

THE House took no action on a substitute proposed by its Committee on Interstate Commerce, this inaction being due chiefly to the brief time remaining before adjournment of Congress.

Both resolutions aimed to prohibit rail mergers arranged through holding companies, with the Couzens measure seeking to delay pending consolidation plans until Congress had enacted restrictive legislation applying to both holding companies and the consolidation itself. The House Committee's measure provided that holding company mergers should not be effective unless sanctioned by the Interstate Commerce Commission and directed the Commission to require action to minimize the hardships railroad employees and communities might suffer through any consolidation.

The Railroad Brotherhoods, backed by the American Federation of Labor, look askance at mergers of carriers because consolidation will reduce the number of employees. Over the situation hangs the prospect that, unless the carriers are afforded means of increasing their earnings, wages will be reduced. In the circumstances the question of whether Congress will enact legislation or postpone action is complicated by the approach of the presidential campaign. Legislation placing motor buses and

trucks engaged in interstate traffic under the authority of the Interstate Commerce Commission appears more certain of enactment.

While the prospect of the enactment of railroad legislation is not promising—a condition due to wide divergence of congressional opinion and the caution born of the approaching presidential campaign—it is probable, nevertheless, that President Hoover will advance some important suggestions. The understanding prevails that, if he does so, his ideas of what should be done at this time will be confined to the framework of the recommendations advanced by the Interstate Commerce Commission in its "report" of October 21 on the application of the country's carriers for permission to make a horizontal 15 per cent advance in all freight rates.

In addition to recommending that interstate motor buses and trucks be subject to the same regulatory authority as the railroads, the Commission contended that Section 15A of the Transportation Act of 1920 should be repealed, and proposed legislation to enable the Commission to establish rate levels which would serve both for periods of prosperity and depression. Section 15A is the so-called recapture provision under which all earnings of railroads in excess of 5.75 per cent on the value of property investment shall be turned over to the Government for use in assisting roads that are weak in earning capacity. With reference to the Commission's suggestions for remedial legislation, they probably will be discussed by Congress and the groundwork laid for some positive action at a future session when the fears engendered by a presidential contest are in the past and not in the immediate future.

Gerard Swope's plan to unify industry so as to stabilize production and consumption, minimize unemployment, and provide unemployment, disability and old age insurance for workers has attracted attention among members of Congress but its features that would require legislation are regarded as too comprehensive to justify expectation that as a whole they will be given serious attention in the coming session. At the same time, his basic feature of amending the antitrust laws to permit combination within each industry for restricting production, stabilizing prices and taking other measures under federal supervision has revived discussion of the effort to procure a congressional reexamination of the Sherman Act and its supplementary statutes.

The certainty that Democratic and Progressive Republican Senators and

Representatives will make an assault on the tariff structure has assumed a more important aspect since the by-elections of November 3 have transferred the nominal party numerical advantage in the House of Representatives from the Republicans to the Democrats. If the Democrats effect the House organization, with one of their number elected Speaker and Democrats comprising majorities in the membership of committees, they may find it incumbent on their party to offer some general revisionary measure instead of confining their anti-tariff activities to the introduction of a multiplicity of individual measures of the so-called "pop-gun" variety, each designed to amend (downward, of course) some particular rate or small group of rates, as would be the case if they were free of responsibility for the conduct of the House's business. Leading Democrats have been demanding tariff modification and, if domination of the House is to be their portion, they will find their Republican opponents attempting to twist them into making good on their implied promise to undertake an amendatory policy if their party was returned to power.

Informed opinion is that, if a tariff revision measure should be laid before the President, he will veto it. The rather general expectation exists that, with Democratic hopes raised high over the party's prospects in the national elections of 1932, there will be a disposition to avoid party espousal of a general tariff revision or even a less comprehensive changing of tariff schedules.

Agitation for new farm act

THE Federal Farm Board's stabilization operations are in for a hammering. Efforts to put the farm export debenture plan or the equalization fee provisions on the statute books to supplement the endeavors of the Farm Board in aid of agriculture will be renewed. President Hoover's outspoken opposition to both these schemes indicates a veto if either of them is passed.

Agitation of legislation to stabilize both gold and silver is certain with renewal in certain limited quarters of proposals for establishing a bimetallic standard. These will run counter to the rather general view that their purposes can be attained only through an international conference. In accordance with a Senate resolution adopted early this year, President Hoover sounded the foreign nations most concerned as to holding a conference to devise means of bringing the price of silver back to its

(Continued on page 62)



While public taste was changing rapidly, wool men clung to blue serge

The Man in the Blue Serge Suit

By HERBERT COREY

ILLUSTRATIONS BY LOUIS FANCHER

THE man in the blue serge suit walked around the corner 20 years ago.

He never came back.

The American woolen industry has been waiting for him. Just waiting. One is reminded of the old story of the one-legged man who dropped his shoe. The men in the bedrooms on either side stayed awake all night listening for the other shoe.

Other industries have been waiting for their men in blue serge. They have had a good deal to say about hard times and the five-year menace. Their managers should be interested in the story of what has happened to the woolen industry. To put that tale in a nutshell, the woolen industry has been sitting on its hands. For 20 years it has been watching its trade get away without doing very much about it.

The woolen industry has not cooperated in research or methods or advertising or anything else. It has been as individualistic as a cage full of blue mandrills. Whenever it has made a start toward cooperation some key man has

refused to go along with it.

In 20 years the market for woolen piece goods has decreased 42 per cent.

The man in the blue serge was the best customer the textile industry has ever known. Six months the mills ran on heavy weight blue serges and the other six months on light weight blue serges. It was as simple as that. A blue serge never lost its shape and never wore out. When it began to shine it abandoned the social register for a fishing boat.

Return of the prodigal customer

IF THE man in blue serge will only come back the trade will dine him on roast veal all the days of his life. That is the standard food for prodigals and the wool trade believes in standards.

This writer's hand is raised in deprecation. He did not invent this simile. Wool men invented it. They told me

THIS allegorical gentleman disappeared 20 years ago. Perhaps you hadn't missed him. But the wool industry has and the story of that industry's failure to lure him back contains advice for every business. We all have our men in blue serge who may wander away from us

that the reason the wool industry has been shot to pieces is that it has not kept up with the procession. The best cloth in the world is woven in the United States. The best wool in the world is grown here or ear-marked for the American trade. The only ready-to-wear garments that do not look as though they had been planned for the statue of Andrew Jackson are made here. The set-up would seem to promise prosperity and green fig trees for the American wool man.

Ever since 1909 the industry has been

losing ground. If each adult in the United States would buy annually 5.38 ounces more wool than he buys now the industry would come back with a bound. That is about the weight of a vest. We are as clay in the potter's hand when a salesman gets hold of us. But no salesman has ever tried to sell us that less than six yearly ounces.

Cutting out profits

INSTEAD of doing anything like that the wool manufacturers of the United States have been trying to undersell each other. One of them sketched the process. If he weaves a cloth that he can sell for \$1.50 at a profit the jobber takes a sample.

"I'm smarter than that fellow," Manufacturer Number Two will say. "If he can make it for \$1.50 I can make it for \$1.35."

The fourth man in line gets the business at \$1.10 and loses money. The wool manufacturers of the United States have been so successful in this dog-eat-dog competition that in six years, from 1923 to 1929, they were able to put 52,743 men and women out of their jobs and close 166 factories. The record in 1930 was no better.

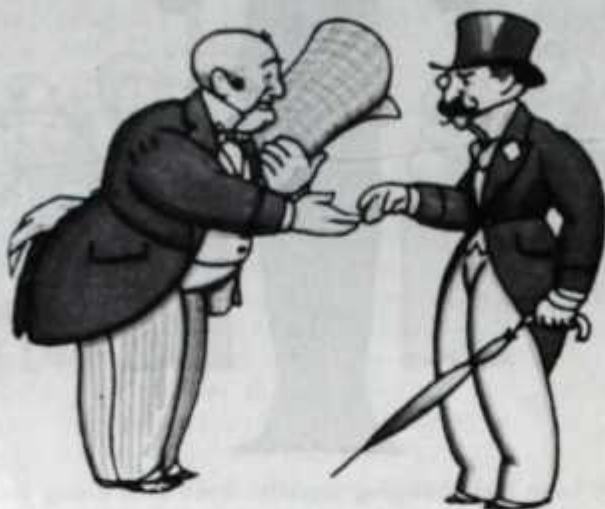
The only hope for the future seems to be in limiting competition by a process of bankruptcies. That is the conclusion of the researchers of the Wharton School of Commerce and Finance of the University of Pennsylvania, who report that:

"Merely to hold on, hoping for demand to return seems a slow way to liquidation. Barring a sudden style shift or the immediate development of new uses the reduction of capacity seems the only avenue left."

Personal: Will the man in the blue serge suit please come back? The mortgage is due.

There is, of course, a minority opinion in the industry. At least it is probably a minority. Optimists usually are. They believe that if the wool men get together and plan an advertising campaign and work out some fancy new uses for wool the 5.38 necessary annual ounces of wool can be sold to each of us and a fine old business will be on its feet again. They know my incurable weakness and your lamentable nonresistance when confronted with something new. They aim to shift the fashionable cut on me so that my wife will not let me go abroad in last year's pants. They propose to invest you in a

shirt made in cute colors from baby wool. We have thought of wool as heavy and warm and itchy and they will prove to us with new fabrics that it may be cool and sheer and lovely. They can do it, of course, if they only get together. One of the easiest things in the world



The owner of a small foreign mill can produce special patterns for individual customers

is to convince us that we should buy something.

"But it is a fact," said Alban Eavenson, "that the conservatism of an industry is directly proportional to its age. The wool industry is one of the oldest industries."

As style affects wool industry

THAT sounds like a fresh consignment of pessimism but it is not. Mr. Eavenson thinks the time is ripe for recognition of styling as a basic factor in modern merchandising; for wool men to get together and find out what this thing called "style" is in relation to wool; for them to find out what milady wants and to prepare to give it to her.

"Just recently," he points out, "fashion has dictated that women shall wear more woolen garments. Some famous Paris houses have even gone so far as to show evening dresses made of wool. This trend already has been reflected in a decided spurt in wool consumption, as shown by the Department of Commerce report for July. As far as it goes this is just what the doctor ordered to put the industry on its feet again, but the danger is that such a spurt may lull to sleep some men who were just beginning to wake up to the necessity for doing something. The plain fact is that the woolen industry had nothing to do with creating the present larger demand, which is likely to disappear just as quickly as it ap-

peared and with equal unconcern for the welfare of the industry. What we should do now is to get busy, collectively, and try to keep the ball rolling."

The stores, feeling the season's demand for woolen garments, are also looking for well styled woollens for women's dress goods. Mr. Ward and Mr. Sears and Mr. Gimbel and Mr. Saks and Mr. Macy have tired of selling a handsome young woman a step-in she will step out of on reaching her bed-chamber and which she will wash in the hot water basin and dry on the radiator for use next day. This is swell for the young woman but not good for Messrs. Wanamaker, Roebuck and Garfinkel. There was a happy time when a woman started for the seashore with a supply train like the First Division. Baggage-makers, truckmen, railroad equipment people and red caps called her blessed. Now she carries her needs in her hands. She is as mobile as a Bedouin.

Eminent stylists have told Mr. Eavenson (who freely confesses that he knows little of the subject in his own right) that if the mills will get together and provide the fabrics necessary as a basis for new and possibly handsomer styles the managers of the stores of the United States will sing together like the morning stars. There is nothing of which they are more tired than a \$3.85 dress. A dress that will sell at \$15 "and up" and start a panic among the women who did not see it in time to be first on the street would do more for this country than a hatful of moratoriums. Industry in a dozen linked in lines would begin to buzz.

These desirable things will happen, Mr. Eavenson believes, if those engaged in the wool business will only get together. They never have.

Cooperative textile research

FOUR years ago he was a leader in a group which saw the need for and tried unsuccessfully to launch a wool cooperative movement. He is an active director in the U. S. Institute for Textile Research. In his 15-acre wool scouring plant at Camden, N. J., he is operating the only privately maintained wool research laboratory of which I know anything. The Eavenson & Levering Co. (in which he occupies the position of a president trying to retire in favor of younger men) publishes and circulates to wool men a monthly magazine devoted to the industry and its problems. He

himself is regarded in Washington as an expert on the tariff. He pointed out that, according to a statement made by the United States Chamber of Commerce, various associations spent in 1930 more than 22 million dollars for research and promotional activities:

"The returns are not all in," he added. "That statement was admittedly not complete. It is a fair guess that every one of the associations profited by the money spent. The wool men did not release a nickel. They stood pat on the position they have held through 20 losing years: 'People must always wear wool.'"

Mr. Eavenson believes that with all his heart.

"But there is nothing to keep them from wearing a little less wool each year."

The man in the blue serge is a lay figure, of course. Not all of us wore blue serges in the golden age of the wool business. Some of us wore clay worsteds. Evening clothes were built of a broadcloth that would turn the edge of a sword. Culture clubs consisted largely of flannel petticoats. Those were the good old days, the memories of which still distress those who went through them. The Saturday night tub was sited in the kitchen because that was the only warm room in the house. Chilblains came under the heading of indoor sports. Horses wore chest protectors as they hauled high-wheeled buggies over rough roads and the unfortunate inmates of the buggies clacked like a dice game. Preachers always got the feather beds. There is evidence that 1909 was the most comfortable winter of the republic to date. In that year the woollen piece goods output per adult customer climbed to seven square yards.

Degenerates in warm houses

WOMEN mostly stayed at home then and were skilled at making over their old dresses. For all that they had shoved their annual consumption of wool dress goods up to 6.4 square yards. Then base-burners and indoor plumbing and weather stripping began to soften us. By 1929 a sturdy race had degenerated under the influence of central heating and closed automobiles and Pullman berths with steam pipes immediately underneath the liver. The seven square yards of wool needed to insulate an adult American in 1909 shrank to a scant four yards in 1929. The matron who swathed herself in 6.4 square yards 20 years ago now gets along nicely with 1.1 square yards. One

and one-tenth square yards is not enough for one dress, not to speak of a wardrobe.

This contraction came along slowly and easily. The wool men had 20 years in which to discover what was happening. There is no evidence that the industry as an industry ever tried to find out anything. The researchers of the Wharton School are compelled to say that:

"A highly competitive market in dress goods and a 'stable' consumption in suitings hold little hope of more than spasmodic activity for many wool looms now idle. Without essential information available periodically, both individual and industry planning would seem needlessly handicapped."

That might be stated somewhat differently. The man in blue serge has gone away and it is not likely that he will come back. But the looms that once worked on his standard suitings are standing idle, a potential menace to the industry, a standing promise that if any profitable business appears the rush for it will convert the profits into red ink. Without the essential information the weaver and cutter must guess at consumer demand.

A mistake in a guess will start those idle looms humming to the injury of the industry.

That 20 year period of shrinkage was

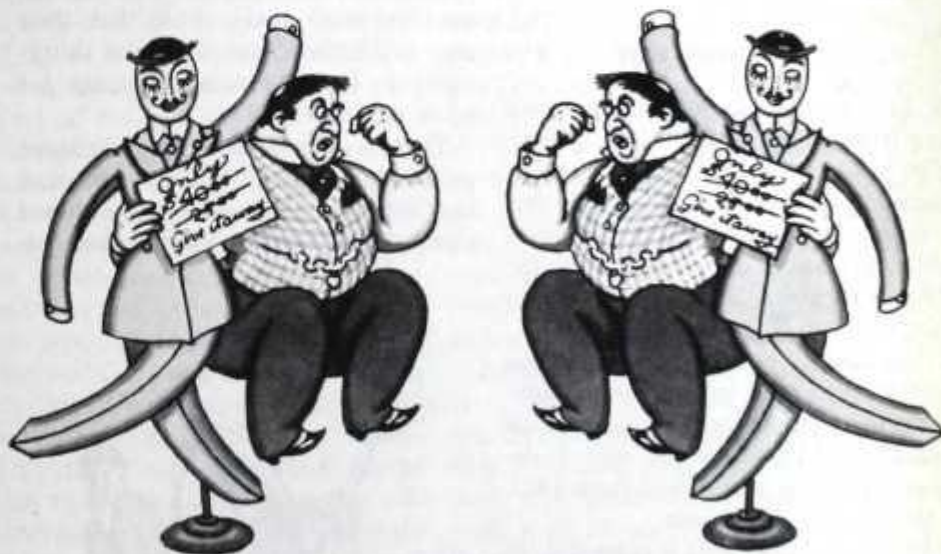
the suits are cleaned by up-to-date methods and last almost forever. This may account for the fact that men have barely kept up with the population growth in their purchase of clothing. It hardly seems likely, however. Women have as many advantages in having their clothes cleaned as men have but their purchases of clothes have been responsible for most of the total piece goods consumption. As the years went on the cutters began to increase the percentage of materials other than wool in their raw material purchases. As one authority says:

Wool men traveled separately

"THE VOLUME of raw materials purchased by cutters has steadily increased during the past 20 years. The decline in wool piece goods consumption can, therefore, hardly be ascribed to a general decline in clothing consumption."

Other industries were saying it with flowers and saving the surface. Wood ashes will clean teeth but the modern American buys toothpaste. The automobile makers are as competitive as an Airedale and a cat but they combine on information.

The industries that have marched ahead have marched as industries. The



While other industries were advancing as a group, wool men fought each other harder, trying to shave prices

harvest time for the cutters. A cutter is a gentleman who covers a loft 50 layers deep with cloth and cuts out suits with an electric knife. Good suits, too. Wool men declare that today's "\$22.50 suit is extraordinary value."

In the old days one could locate the shop of a cleaner and presser by standing on the curb and waiting for him to gush out with the gasoline flames. Now

wool men have traveled like a Chinese army, each man for himself.

After the war, when other industries began the most forceful advertising campaign this country has ever seen, the wool men sat placidly by. *Per capita* sales grew less year by year. The habits of men and women seemed to change. They changed because someone else bid for their dollars and, instead of waken-

ing to the true competition, members of the industry fought each other harder, trying to shave prices—

"Little attempt is made to preserve the identity of a cloth. It is lost when it leaves the factory. The value of a mill brand is hardly recognized.

"The wool industry is overequipped on the basis of the present selling, but that is not the true answer. It is much undersold.

"I cannot find any trend away from the beaten path of 30 years ago."

For the sake of the record a few unpleasant statistics shall be quoted. In 1930 the United States produced 76,544,000 pounds more wool than in 1910. In the same period the population increased from 92 million to approximately 120 million. Yet the estimated price received by producers, weighted averages, was less in 1930 by two-tenths of a cent a pound. There were 1,004 wool manufacturing establishments in 1923 with 237,454 wage earners. In 1929 there were only 838 establishments with but 184,711 wage earners. The operation of wool spindles dropped from 78 per cent in 1929 to 55 per cent in 1930 and of worsted spindles from 67 per cent in 1929 to 54 per cent in 1930. The value of woolen and worsted goods made in all industries in 1929 was \$779,132,000 which was \$29,076,000 less than in 1927.

1929 a peak year

IN 1930 the consumption of raw wool for clothing as estimated by the Department of Commerce on returns covering practically 80 per cent of the industry, "amounted to 377,790,000 pounds, which was a decrease of 27 per cent from the 1929 total, which has been the largest since 1923."

Preliminary figures of the census show that the total value of wool manufactures in the United States in 1929 was \$1,042,742,000 which was a decrease of almost 13 per cent from 1927.

There is a brighter side.

The figures show that it is possible to sell each of us that 5.38 ounces of wool annually on which the prosperity of the industry depends. When I was a youngster my folks bought me an overcoat and I wore it until the coat dropped away. The habit bade fair to cling through life.

Then the stylists made me top-coat conscious. Now I have a top-coat and an ulster and an overcoat and only my last reserves saved me from buying a Chesterfield to slip on over my dinner jacket when I go to the dinner of the Chamber of Commerce.

Young men pass me on the street wearing sport coats in pastel shades made with funny belts and trick pockets. In my youth we would have called such coats "sissy," just as we always thought of tennis as a game for borderline cases only. Listen again to the researchers of the Wharton School:

"The mills were (for a time) not concerned with the whims of the fashion world."

They are concerned with almost anybody's whims now, though. Recently "the demand for coatings and overcoatings seems to be definitely moving ahead of the popular trend."

In 1929 coatings accounted for 57 per cent of the total wool coating-and-overcoating product. Mr. Eavenson's argument is justified. He recognizes that the average male, so sodden with business cares during the day that he hardly has time to look at the baseball score, and panting to get home to the little woman at night has neglected his outward self. The optimists of wool would make the men conscious of their potential charm. The first hundred men on any street now suggest a rummage sale but the optimists would invest them with beauty and dignity.

They can, too, if the experience of industrial cooperation in research and promotion means anything. To be more precise, the men can be sold enough wool to make them think that their aura is definitely plus. Five and thirty-eight one-hundredths of an ounce per adult customer will do it.

There is other evidence than the sport wear and overcoat figures. American rugs and carpets began to be heard about rather recently. Their makers ad-

vertised. Therefore, the 1930 production increased in value 12 per cent over 1927. Felt goods and wool felt hats increased eight per cent and three per cent respectively in the same period and for the same reason. The optimists believe that the wool trade has fallen off because the manufacturers have not allowed sufficiently for the pleasing weaknesses of humanity. We like to look like our neighbors—only better and somewhat different.

Special foreign designs

THAT is why 15 per cent of the total clothing wool used is from imported wool. As a matter of fact, that is a considerable overstatement, due to customs complexities, but it may stand for the moment.

The only reason why any foreign wool is imported is that effects can be obtained with certain wools that cannot be had with any of the domestic wools. For the same reason cloth is imported. A Harris tweed may be no better than domestic cloths but it is different.

"We can never compete with foreigners in this specialty trade," said Mr. Eavenson. "Our mills are planned for large production. In one of the comparatively small foreign mills the owner will gladly have his designer draw a special pattern and make that pattern up on his hand looms in short lengths. If a customer takes a fancy to this pattern it will be ear-marked for him, his heirs, assigns and sons-in-law forever."

No American mill has ever tried to do precisely that. But American mill men are approaching that plan as closely as their larger organizations and quantity production set-up will permit them to.

At this very moment we imagine a comparatively small mill man may be talking to buyers in his office. They exchange ideas on patterns and weights and that sort of thing. The manufacturer offers them some designs:

"I could use some of that," one of the buyers will say, "if it was made a little more this way or that."

"I'll show you something Tuesday," the manufacturer will reply.

Tuesday he will be on the job with swatches of the design as altered. If the prospective buyer likes the cloth the manufacturer will go ahead and make up some of it. Meeting his customers face to face in this way, the manufacturer saves much time and gets around many of the obstacles which are incident to dealing with a large and cumbersome organization. He also prof-

(Continued on page 60)



In my youth we would have called the modern sport coat "sissy"

What Brought England to Her Knees

By SIR ERNEST J. P. BENN, Bt.

Author of "Prosperity and Politics," "Confessions of a Capitalist."

THIS article reached us on the day England was electing a new government. In submitting it, Sir Ernest wrote, "This article assumes a victory for the National Government. If the Socialists should win this election, you can put this article in the waste basket and consider this country off the map"

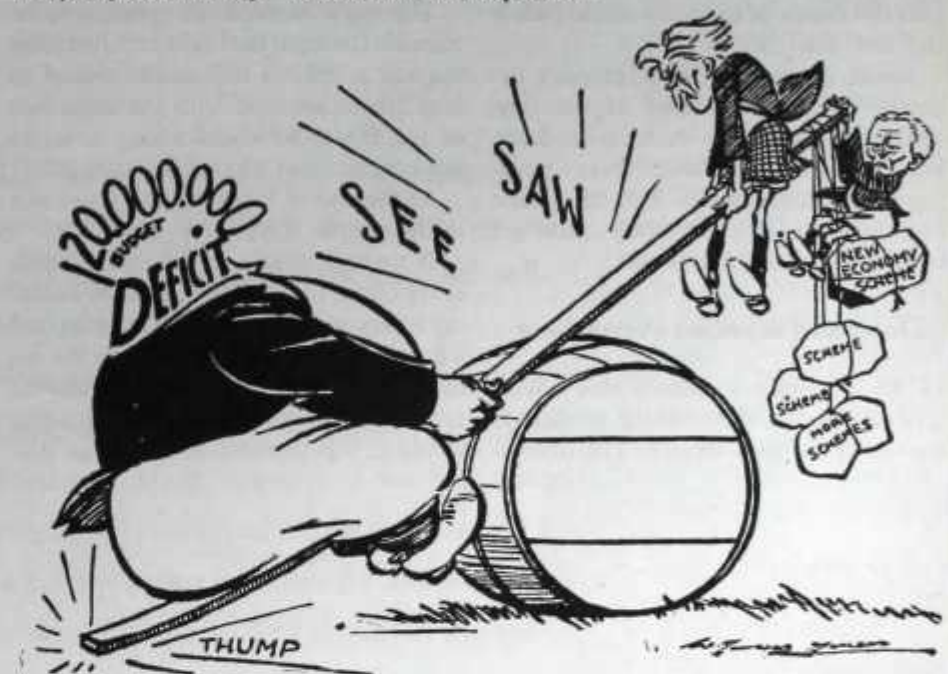
IT IS ALTOGETHER appropriate and proper that, at the moment when the tide has turned in England, when we have given up our twentieth century follies and are properly started on the road to recovery, America should devote her thoughts to a close study of our problems in the hope that, by a thorough understanding of the difficulties into which we have landed ourselves, she may avoid a repetition of them.

There are those in America as well as in England who argue that the United States is 50 years behind the old country in political development. I would rather say that the citizens of the States have retained an economic and political sanity which for the last 50 years the Englishman has been steadily losing.

I know that history does not help my argument. Nations never learn from the experience of others. Germany rushed right into all the horrors of inflation a few months after she had sworn that the lesson of Austria was sufficient to save her from that catastrophe.

But is it unreasonable to hope that the citizens of the two great English-speaking nations are capable of better things and that all the trial and tribulation through which England has passed may be of service in helping to arrange things better on the other side of the Atlantic?

Ramsay MacDonald, the hero of the moment, can be said to have cared for Socialism "from the cradle to the grave"



Balancing England's budget

THE EVENING NEWS (GLASGOW, SCOTLAND)

and we want our American cousins to join with us in all the funeral festivities.

It is, of course, a shallow-thinking error to imagine that England was pushed off the gold standard by something that happened in August, 1931, that nobody could foresee beforehand, that might have been prevented by some greater wisdom on the part of statesmen, politicians or bankers. A warehouse goes out of business when it is empty, and London, the gold warehouse of the world, became empty in August. That did not occur because someone in New York or in Paris blew a whistle and the gold flitted in response. It occurred as the natural consequence and the inevitable result of all sorts of things that had happened before.

A weakened credit standing

I AM aware that reparations and international debts have had a good deal to do with it, but the London gold position which was strong enough to carry the burden of the World War was strong enough to carry the war debts—strong enough, that is to say, if it had possessed its old constitution and if other weaknesses had not, in the meantime, developed.

Different schools of thought will award different degrees of blame to the causes which brought about the disappearance of the gold standard. For my part I put the bulk of the blame down to the twentieth century politics.

"God does not render his account every Saturday." That German proverb should be written up large in the private study of every politician in the world. Politics is a short-sighted business, while business is a long-minded affair.

England has brought herself down from her high economic standard, and has, to a very large extent, been responsible for bringing the rest of the world down also, by 30 years of political folly—30 years in which the politician has tried to supplant the business man in economic affairs.

You have to go back to the death of Queen Victoria to understand it, to the time when we gave up the individualism of the nineteenth century on which our commercial and economic greatness was founded and began to accept the notion that the State could take care of its people.

The Fabian Society, founded in 1880, first thought of all this nonsense; it became a really serious political force with the arrival of Lloyd George and his

"ninepence for fourpence" Health Insurance Scheme.

Imagine the moral deterioration of 45 million of the finest of human beings, brought up in the hard school of Victorian rectitude and suddenly converted to the economic lie that ninepence could be obtained at the expense of fourpence. Once that idea was thoroughly planted into the minds of the mass of the people the rest was easy.

Social service—at other people's expense—became the order of the day. Ever since then we have been busy, Socialists, Liberals, Conservatives, pouring the national wealth into the public exchequer so that everybody could get his ninepence for fourpence.

Doles and subsidies everywhere

IT IS a mistake to regard this evil as a peculiarity of the working classes. It goes right through society. The univer-

sities are just as much on the "dole" as the most impecunious out-of-work laborer.

The disease spread rapidly into the ranks of commerce, ranks that ought to have been impervious to it. The State and Public Credit is almost universally accepted as the panacea for every ill and the origin of every good.

The worst example is, perhaps, to be found in the sugar beet industry. Just after the war a body of enthusiasts rushed us into the notion that, with the assistance of the State, we could make ourselves self-contained in the matter of sugar.

At the end of ten or twelve years this is the simple story:

If we had bought in the open market every ounce of sugar that the new industry has produced and given it away, had we paid everybody employed in the industry \$15 a week ever since it started for doing nothing, the British Treasury would at this moment be 15 million dol-

lars in pocket. In the meantime the sugar trade of the world has been dislocated and the West Indies ruined. All this because a little group of experts with a plan got the ear of the Government, which knew nothing about it.

The reason why England went off the gold standard can be put in a sentence or two.

In 25 years we have allowed the politicians to get more than a third of the total national income into the public purse and thus make us the most expensive country in the world.

At the moment when we ought to have been accommodating ourselves to an impoverished world market we were trying to get politically inflated prices for our export goods.

In the end our trade balance disappeared and, without a favorable trade balance, a gold standard is an impossibility.

The war, from an economic point of view, was bad enough but the war is a minor part of our troubles. We have a war debt of 35 billion dollars, but you have to write a figure of twice that size to express the debt that we have developed in our rage for government control and social service.

To get the thing into its right perspective you must go back. It is stupid to attach much importance to the difference between the figures of a couple of months or a couple of years. The story must be put into proper perspective.

When citizens were free

WHEN Queen Victoria died, public expenditure in Great Britain was five per cent of the national income. Mr. Gladstone's last budget with all the local rates of every local authority did not together total 500 million dollars. The national income at that period was estimated to be ten billion dollars, so that 95 per cent of the national income of my country at the end of last century was at the free disposal of the individual citizens.

Today the national income in the altered values of the time is thought to be 20 billion dollars, and public expenditure, national and local, is not less than \$7,500,000,000. That figure would not be found in any official returns. It is twice the amount of the Parliamentary Budget. But when we add together the Parliamentary Budget and the inflated budgets of 1,780 local authorities, and then put onto the top of that all the money which is borrowed for current purposes, the \$7,500,000,000 is not an overestimate.

So that, as distinguished from the end of the last century, 40 per cent of the



THE HARD ROAD TO SAFETY
John Bull: "Well, Here goes!"

PUNCH, LONDON

total national income has passed out of the control of the individual citizens under the hand of the State machine. When a man spends his own money he can generally be trusted to get something like value for it.

When the State spends money, however, value leaves the market.

It is important to remember that this is not the result of some conspiracy or some evil design. If I were a Socialist arguing the other way I should try to inflame opinion with claptrap like "bankers' ramp," "capitalist greed," and so on. The growth of public expenditure is the most natural and inevitable thing in the world.

If it is once agreed that some function, whether it be the provision of the police or the manufacture of beet sugar, is a proper function for the public authority, then no living power can stop the growth of the expense in that connection. Anyone who will take the trouble to think the thing out will see how natural this is.

If a reader of NATION'S BUSINESS engaged in commerce on his own account will imagine what would happen if his concern were transferred to the charge of the public funds, the point becomes clear as daylight.

If, for instance, you said to me, a publisher, "Carry on your business, do the best you can, render as much service as possible and, at the end of the year, tell us how much money you want," the costs of my business would multiply indefinitely. I should be relieved of the inconvenience of all those market checks which now force economy upon me, and the public would have to foot the bill.

All doubt on this point can be removed by a study of the official Statistical Abstract published by the British Government, which gives in the most convenient form comparative figures for public services for many years past. It does not matter to which page one turns—the same inevitable tendencies are noticeable.

Suppose we start with Central Government, the overhead, as business men would call it. The cost in 1913 was four million dollars and in 1929 ten million dollars, or 2.5 times as much.

The Home Department—justice, police and kindred objects—was responsible in 1913 for ten million dollars and in 1929 cost 60 million dollars, or six times as much.

A group of departments which the Statistical Abstract classifies as Trade and Industry required six million dollars in 1913 and 45 million dollars in 1929, or 7.5 times as much.

Those three classifications alone account for a rise in taxation from 20 to 115 million dollars.

Taking a longer perspective and going back, as I suggest we ought, to the be-

foolishly trying to fight Socialism with Socialism.

Its effect has been cumulative. It has slowly sapped at our resources and it has taken 30 years and a Great War to push us off the gold standard.

There will be different ways of looking at the present situation. To me it is a glorious story. A concern which can stand such an outrageous political ramp and still survive must be a first class institution.

England is as sound as a bell, as strong as ever, and as capable as ever of holding her great position in the world. She has had a short period of political influenza, it has given her a thorough shaking but she is over it, and going off the gold standard was the sign of the end, not of British credit, but of the madness which caused this temporary lapse. The world will now witness a reversal of all this political policy.

England will show in no uncertain manner that it has done with politics as a substitute for work, and when England takes that line the rest of the world will be better off. In matters like these England has world

wide influence and responsibility.

It may be said that, though we have damaged ourselves, we have done even more damage to the world as a whole, for we are the possessors of the Mother of Parliaments. We have been regarded as the most successful exponents of the arts of good government, and the world has acquired the habit of looking to England for a lead in these matters.

Thus it comes about that all our follies, our three thousand Acts of Parliament regulating and hampering trade, and all the rest of the limitations on human good which this period has produced, have been copied to some extent in every country in the world.

The frank avowal of the folly of it all which we have now made in the election of October, 1931 are a blessing to ourselves and to the world as a whole.

We shall go back, although the process may be slow to that sturdy mentality which recognizes that it is the individual citizen who keeps the State, and not the State the citizen, and as that fundamental truth permeates into other States, the world will become better.

In the end, therefore, the temporary inability of England to maintain its traditions as represented by the gold standard will prove not a disservice, but a great blessing, to the whole of mankind.

"JUST after the war a group of enthusiasts convinced us that, with the assistance of the State, we could make England self-contained in the matter of sugar:

"If we had bought in the open market every ounce of sugar the new industry has produced and given it away, if we had paid everybody employed in the industry \$15 a week for doing nothing, the British Treasury would be 15 million dollars in pocket"

ginning of this mad political period, the contrast is still more striking. We have a Department of Agriculture, the cost of which in 1901 was less than \$500,000, but which in 1930 cost us ten million dollars.

The high cost of interfering

IN THE meantime, if we are to believe all that the farmers tell us, agriculture has gone from bad to worse. The Board of Trade and its subsidiary departments—Empire Marketing Boards and what-not—in 1901 functioned for the modest sum of a million dollars, and in 1930 used up 46 million, so that government interference in trade and agriculture is costing today 50 times what it did in 1901.

The cost of the Board of Trade is rapidly reaching such dimensions that, if present indications are anything to go by, it eventually will amount to more than the total of the trade itself.

These are illustrations of a movement which has spread right through the whole of English life. The point to remember is the novelty of the thing. It has all arisen in the last 25 or 30 years. It has been rushed along, not by Socialists, but by Liberals and Conservatives, eager to keep Socialists out of power and

The Small Town Merchant

By Marc N. Goodnow

Of the University of Southern California

IT REQUIRES no expert to discern that, quite aside from booms or depressions, something is wrong in a business way with the small town.

Trading conditions and buying habits today are not those of a decade ago; the cohesive quality of the community group—a cohesiveness that found expression in business relations as well as in social activities—seems practically nonexistent today. Even villages and towns which have remained for the most part stationary in population reveal a diminishing community pride or conscious civic loyalty.

More than one small town resident has sensed this. Without analyzing or being altogether conscious of the revolution that has been going on about him, he has often asked, "What's the matter with our town?"

There can be no doubt that the interests and tastes of residents of small communities have changed in recent years. Motor cars, motion pictures, radio, education, newspapers, magazines, advertising—all the factors that create culture or engender desire for new comforts, conveniences, pleasures and luxuries have been at work, with the result that today one finds less distinction than ever before between residents of the metropolitan area and those of the smaller town or rural district.

Such a condition inevitably reflects upon merchandise and merchandising, though residents of the small community, particularly the business men, do not always recognize this. If one asks local merchants, "What's the matter with our town?" he receives varied explanations.

Warfare in the community

ONE says, "It's competition," without being any more definite than just that. Another blames the chain stores. A third indicts the motor car. Still another declares it is the people themselves.

Many a community, one finds, owes its static condition to warfare among its own merchants. This fight has been



Discourteous salespeople have helped to wreck small town retail business

going on for many years and has weakened the whole fabric of the community, undermined its initiative and enterprise and actually reduced consumer buying power.

While business men have been fighting their local competitors, their customers have been lured to other cities to do their buying.

The extent to which this competitive feeling may go was shown recently in a survey of Topeka, Kan., where the wives of 58 merchants preferred to buy their merchandise in other towns rather than patronize the local competitors of their husbands.

Then, too, many small town merchants are themselves addicted to the out-of-town buying habit—victims, along with other local consumers, of a

complete demoralization of the buying obligation. In one California town of 3,500, for example, seven van loads of household furniture and furnishings from a firm in a neighboring city were delivered in a single week. The manager of the local newspaper learned that three loads had been delivered to merchants—all of them advocates of the "trade-at-home" movement.

Poor conditions

IF we ask consumer-residents about local buying conditions we hear complaints of inadequate lines of merchandise; poor quality; high prices; bad salesmanship; untrained, even discourteous personnel; incompetent management—and perhaps lack of civic loyalty on the part of merchants.

In more than one instance, the exodus of consumers to the larger city has been reduced to incontrovertible figures. A chamber of commerce survey in an Ohio city of 30,000 revealed heavy losses

to local merchants in a number of commodities—men's shoes, 16 per cent; women's shoes, 34 per cent; children's shoes, 16 per cent; children's clothing, 30 per cent; women's suits and dresses, 43 per cent; men's suits and overcoats, 37 per cent; hosiery, 21 per cent; furniture and rugs, 23 per cent.

A similar survey in a California city of 36,000 showed the merchants suffering losses in potential trade to nearby communities of 35 per cent in men's shoes; 43 per cent in women's shoes and 30 per cent in children's shoes. In this same community 39 per cent of the men buy their clothing away from home. Also, 35 per cent of the women buy their children's clothing in other trading centers.

As the community reduces in size the

Can Survive

ILLUSTRATIONS BY DON MILLAR

merchants seem to sustain still greater losses. In another California town of 2,500 people, 80 per cent of the men's shoes are bought away from home; 77 per cent of the women's shoes and 72 per cent of the children's shoes. In the clothing field, the loss runs 85 per cent for men's clothing, 82 per cent for women's, and 78 per cent for children's.

Customers' reasons for buying out of town were various, but significant—poor selection of stout sizes; merchants not courteous; incomplete stocks and sizes; shoddy stores; fake closing-out and fire sales; poorly trained and discourteous salespeople; prices too high. They are, in fact, fairly typical of current buying conditions in most cities where detailed investigations have been made.

In New England, the U. S. Department of Commerce some time ago determined that greater variety of merchandise accounted for 30 per cent of the out-of-town shopping; newer styles for 15 per cent; larger stores for 15 per cent; better prices for 15 per cent; theaters, higher quality goods and better store service for 25 per cent.

Eliminating small merchants?

IT would almost seem that the merchant in the smaller community faces obstacles too great to overcome. The volume of his trade does not allow large varieties of merchandise in the sense that metropolitan varieties are large; the population of his town is more or less static; the department stores of the larger cities offer services and inducements with which he cannot hope to compete—and, more depressing than all, he is powerless to thwart the natural desire of buyers to enjoy the luxury

of their metropolitan contacts of a social, business and amusement nature.

The cold facts are, of course, that such conditions are rapidly eliminating those merchants who have not kept up with the march of events. Boards of trade, credit bureaus, bankruptcy courts and groups of creditors all give testimony to the weeding out process that has been and still is going on. Nowhere have the changes been more swift or drastic than in merchandising.

In countless instances these changes have more or less swept the merchant off his feet. On top of it all, the price situation and his consequent reduced volume from added competition have produced

★
MR. GOODNOW'S experiences in field work among merchants on the West Coast form the basis for this study of the decline of small town retailers. Although he writes primarily for the man who is losing customers to the nearby city, all business can profit from this lesson



Few merchants have tried to find out what people thought about their stores

losses that have eaten deep into any reserve he may have had and often made new financing difficult or impossible.

If he could have held up prices he could have gotten along. But when retail prices were cut to pieces by his big town competitors whatever volume he had started to leave him. Since then he has had neither volume nor a sizeable margin of profit. One saving factor was that the small town merchant could operate on a small overhead. He had no expensive service features, no great return goods problem, perhaps not even delivery. He could, and did, take his place behind the counter, while still keeping books and managing the buying and selling.

Rents are high for retailers

IN THE matter of rents, credits and collections, he has not fared so well. Landlords have been the last to reduce their exactions. In fact, it is possible to find many instances where the excess in current rent is sufficient to give the merchant a profit or at least an even break. The National Retail Hardware Association survey for 1930 shows that rent cost 56 per cent more that year *per* dollar of sales than in 1923. The rise had been consistent until last year when it jumped sharply because of reduced volume.

Credits in the small town have caused great concern in the retail field. In the hardware business the number of credit days business on books at the end of 1930 was eight per cent larger than in 1923. Losses on notes and accounts ran from 0.66 per cent in towns of less than 1,000 population to 0.79 per cent in cities of 10,000 to 50,000. Grocery losses will average generally higher.

The reluctance of many merchants to see themselves as others see them has been one of the difficult factors in the situation. Here the psychological element enters. Too often there is no outside viewpoint—no study and no



acceptance of the consumer's ideas or desires. In fact, a cardinal principle of business is ignored—giving the customer what he wants, not what the merchant thinks is good enough for him.

Living in a narrow world

IT IS surprising to find how few merchants have ever tried to determine by personal investigation their own status in a community; to learn the public's attitude toward their business. Their own four walls have become the limits of their world, while their customers have the opportunity to travel and observe, to acquaint themselves with merchandise of every description and to cultivate tastes which they will satisfy either at home or abroad.

Being already absorbed by the details of his business, the merchant has accepted his own ideas or those of the manufacturer's or jobber's salesman as to his merchandise and policies. Even in his own trade association, if he attends one, he has often been reluctant to display too much knowledge for fear his competitor might steal his suggestions and use them against him. A constant sense of competitive warfare has robbed him of that openness of mind which he must have to improve his condition.

A new phrase has recently come into the vernacular of merchandising to the effect that the merchant should be "the buyer for his community rather than the agent for a manufacturer." But to large numbers of merchants in the smaller towns this is still only a phrase, with little, if any, application to their own business. Statistics seem to prove that these men are storekeepers, not merchandisers. A large percentage of them would be lost in the wholesale centers of our large cities. In other words, they are handlers, not buyers, of merchandise.

And yet, this phrase can become a powerful incentive, once it has thoroughly percolated into a merchant's brain. A general merchandiser in a western town of 2,500 people has done more for his community recently than all the other merchants combined, by following such a policy. Every Tuesday he travels 60 miles to his nearest wholesale center to do the buying for his local customers. By having a better knowledge of what the market offers, he has kept thousands of dollars within the town that would otherwise have been spent elsewhere. By reason of that fact he has also increased the business of his fellow mer-

chants, according to his local banker.

In another city of 10,000, a small department-store proprietor makes semi-monthly trips to a wholesale center 150 miles away, keeping his fashion merchandise, especially, up to date. He has convinced the women of his city that they do not need to leave home to buy their wearables. Then there is a woman merchandiser in a city of 13,000 whose styled merchandise attracts possibly three times the amount of trade from nearby towns that comes to her from local customers. The appeal is direct to the fashion or style instinct of women in a distinctly agricultural district. The proprietress herself makes periodic pilgrimages to New York and she does not hesitate to herald her return with news of the thing that interests women above all else—styles.

In these instances thought has been given not only to styles, but to selections and price ranges comparable to those in larger centers. Here the merchandisers have kept in step with their patrons, by sensing their desires as to needed merchandise. In other words, they have studied their communities, or at least their customers, and learned what they will buy.



The wives of 58 Topeka merchants preferred to trade away from home

On the other hand, in another city of 5,000, a former department manager of a low-priced metropolitan store established a general merchandise business. This merchant conceived of his trade in terms of the larger city. He handled low-priced lines, bargain goods, and followed rather blatant sales policies. He had a real opportunity to build a business along distinctive lines, but he

failed to sense the buying temper and habits of local residents. As a result, he made no special contribution either to himself or to the community.

The druggist across the street complains that not only does this merchant lose business for himself but for the other local merchants. Local customers are compelled to go to a larger city for merchandise they want and can afford to buy. Naturally they purchase a great many of their drug supplies and other items at the same time. The condition demonstrates the principle that when one merchant succeeds in keeping trade at home he helps every other merchant in his community to do a better business and assists in building a better town.

The smaller the community the more opportunity for the successful application of this principle.

For many merchants, this may call for an entirely new slant on the old bugaboo of competition. For too many years the shoe man in one block has considered the shoe man in the next block as the ogre who was getting all the business of the community and he has generally built his whole system of retailing on that narrow conception.

Where, however, merchants have realized the need for burying the hatchet and getting together on a basis of common action, they have ridden the waves rather profitably. An interesting instance of this type took place recently in a town of 8,000 where the group action of three local druggists saved them from additional outside competition as well as from the time and expense of keeping their stores open until late at night.

A chance for cooperation

A NEW theater building was to be erected on one of the principal corners. One store room was an ideal location for a new drug store, which logically should keep open until near midnight. The three druggists saw in this an opportunity to join in a plan to finance a manager in the new store—and they continued to close, as usual, at six o'clock. The scheme has resulted profitably for all.

Where merchants have awakened to the truth of their situation they have proved the practicability and advisability of cooperative effort, whatever the size of their market. The need of a common plan to promote a common cause has brought many of them together to foster lectures or courses in merchandising, advertising store policies

(Continued on page 78)

The Danger We Face in Pensions

By GUSTAVUS A. WEBER

Member of the Staff of the Institute for Government Research, Brookings Institution

WITHIN a few weeks after the signing of the Declaration of Independence the Continental Congress passed resolutions promising pensions to soldiers and seamen who might be disabled in the Revolutionary War. This was our first pension law. Nobody will deny that it was a wise one. Nobody will deny that all persons disabled in the military and naval service and the surviving dependents of persons who have died in such service are entitled to such compensation and other relief from the Government as will overcome, as much as possible, their handicaps.

But after that first pension law came others of more doubtful wisdom and more liberal terms. Today, under one or another of these laws we are paying pensions because of old age, need, or non-service-connected death or disability for participation in the War of 1812, the War with Mexico, the Civil War, the War with Spain and the Indian Wars. In the fiscal year ending June 30, 1931, the disbursement for all veterans' relief amounted to \$760,885,000. The total amount paid for income tax by both individuals and corporations in the same period was \$1,860,040,000.

This means that, for every \$100 collected in income tax in the last fiscal year, \$40.90 was spent for veterans' relief.

Cost: 100 billion dollars

IN RECENT years income tax collections of the Federal Government have been steadily decreasing while veterans' relief disbursements have been rapidly increasing and if the present tendency of veterans' relief legislation continues, they are expected to continue to increase until 1949. It is probable that, if future veterans' legislation follows the course such legislation has followed in the past, the bill to the taxpayers will be more than 100 billion dollars. The World War itself cost the Allies some 125 billion dollars of which America's share was approximately 22 billion. It would seem

● MR. WEBER was a member of the committee of 26 experts whom Representative John M. Nelson, chairman of the House Committee on Invalid Pensions, appointed in 1930 to study the veterans' relief situation. Mr. Weber is a veteran and the father of a World War Veteran. The factual statements in this article are mainly based on material gathered by members of Mr. Nelson's committee. The opinions expressed are those of the writer

that the time has come to look ahead and see just where we are going in this matter of compensation for military service.

Such a survey must begin with the question of whether a person who leaves the military or naval service in as good health as when he entered is justly entitled to benefits or privileges that are not equally extended to all other citizens.

With the view of ascertaining facts for the guidance of Congress in future veterans' relief legislation, Representative John M. Nelson, chairman of the Committee on Invalid Pensions of the Seventy-first Congress appointed in December, 1930, a committee of 26 to study the veterans' relief situation. The members of this committee, with the exception of an army officer and the writer, were civilian officers of the Federal Government engaged in veterans' relief work.

Apparently the Continental Congress in passing that original pension law did not think a veteran was entitled to a pension unless injured in the service, but in 1818 a law was passed granting pensions to all persons who served in the Revolution until its close or for nine months or longer at any period in the war. The law was again liberalized in 1832, in 1836 service pension provision was made for widows, and changes continued until March 19, 1886. The last survivor of the war died in 1867 and the last widow in 1906.

Pension legislation of the War of 1812 had a similar history. Until 1871, pensions were granted only for disability or death in the service but in that year

service pensions were granted to all veterans who served 60 days and to their widows. After the Mexican and Civil Wars the procedure was similar, as was that after the Spanish-American War except that, because of the precedent set by preceding wars, Spanish War veterans received correspondingly earlier and larger service pensions. Subsequent laws increased the rates and liberalized the provisions.

A system for veterans' relief

WHEN the United States entered the World War in 1917, the Wilson Administration tried to forestall future abuses and inequalities such as had occurred in the past by working out a scientific system of relief for veterans and their dependents.

A committee formed in 1917 with Judge Julian W. Mack as chairman carefully examined all compensation and pension systems then in use in this and other countries and drew up a plan of veterans' relief designed to cover every reasonable form of compensation and assistance to veterans and their dependents.

This plan was incorporated as the substantive provisions of the act of October 6, 1917. It provided, by means of pay allotments and family allowances, for the dependent families of persons in actual service; compensation for officers and enlisted persons disabled in the service, and for their dependent relatives; medical care to ex-service persons so disabled; and vocational rehabilitation of the disabled. It also provided for the issuance of government

insurance for all service men and women.

Although the original act had certain faults and shortcomings, these defects have been largely eliminated and the difficulties of organization and administration which, at the beginning, seemed insurmountable have gradually been overcome.

The first serious blow to this system of veterans' relief was delivered on August 9, 1921, by an amending act under which specified diseases which developed within certain periods after the war were presumed to be the result of military service. The number of such diseases has been increased and the periods of presumption lengthened by subsequent legislation.

The same act, as subsequently amended, in effect restored the old general law pension system for all persons entering military or naval service after July 2, 1921.

On May 19, 1924, a measure providing bonuses for all World War veterans not above the rank of captain in the Army or Marine Corps or Lieutenant in the Navy—the Adjusted Compensation Act—was enacted over the President's veto. This compensation was granted without regard to service-connected disability.

Expensive hospitalization

A LITTLE later, June 7, 1924, came the unprecedented provision authorizing the extension of government hospital facilities to veterans of any war when disabled by disease or injury not in any way connected with their military service.

According to the act, this hospitalization is only authorized when hospitals are available but immediately after its enactment a rush was begun for additional hospital appropriations. In the 12 months ending May 31, 1931, some 41,106 veterans were hospitalized by the Veterans' Administration for service-connected disabilities and 92,056 for disabilities not of service origin.

While the number of veterans hospitalized for service-connected disabilities will decline from year to year, the number of applicants for hospitalization because of non-service-connected disabilities probably will increase rapidly for many years, necessitating construction of many additional hospitals if all applicants are to be accommodated. The Veterans' Administration would need no additional hospitals if only veterans with service-connected disabilities were to be treated.

On May 24, 1928, the emergency officers' retirement law was enacted, also over the President's veto.

Finally came the act of July 3, 1930, which promises eventually to be the most expensive of all veterans' relief, the provision of "disability allowances" for World War veterans with 25 per cent or more permanent disability not attributable to military service.

In this case the allowance is granted only if the disabled veteran did not pay an income tax for the year preceding the filing of the application for the allowance.

This provision was the entering wedge, in the case of World War veterans, of the service pension system already adopted for veterans of previous wars. Now that this service pension is granted to World War veterans there will be no cessation of effort until these service pension provisions for World War veterans are made at least as liberal as they have been made for Civil War and Spanish War veterans.

If this is done, the total cost of compensation and disability allowances for World War veterans alone, and exclusive of all other benefits, will eventually mount up to somewhere between 38 and 63 billion dollars.

However, there seems to be no diminution in the efforts for still further gratuities and privileges for war veterans and their families.

A measure, introduced and favorably reported in the last Congress but lost in the shuffle at the close, provided compensation to widows and orphans of World War veterans regardless of the non-service origin of the veterans' death. Such a measure would constitute the second step in the introduction of the service pension system for World War service. If enacted, it would be but natural that efforts would be made to place these pensions to widows for non-service-connected death upon the same liberal basis as those granted to the Civil War and Spanish American War dependents.

This would eventually bring the ultimate total cost of World War pensions for dependents alone to a figure somewhere between nine and 15 billion dollars.

These figures are estimates made for the Committee of Twenty-Six. Adding the figures for the ultimate total cost of compensations and allowances for World War veterans and for their dependents, we find that these forms of monetary relief alone will ultimately cost the taxpayer somewhere between 67 and 110 billion dollars depending

upon future wage conditions. An assumption of half as great an increase in wage standards as that following the Civil War leads to an estimate of 87 billion dollars as the probable total ultimate cost. If to this amount are added the past and prospective expenditures for medical treatment and hospitalization, adjusted compensation, and emergency officers' retired pay, the total ultimate cost of World War veterans' relief will run considerably above the 100 billion dollar mark.

Peak of expense in 1949

THE large chart shows the trend of the actual disbursements to June 30, 1931, for compensation, and estimated cost of compensation and allowances for World War veterans and their dependents if the service pension system is adopted for them.

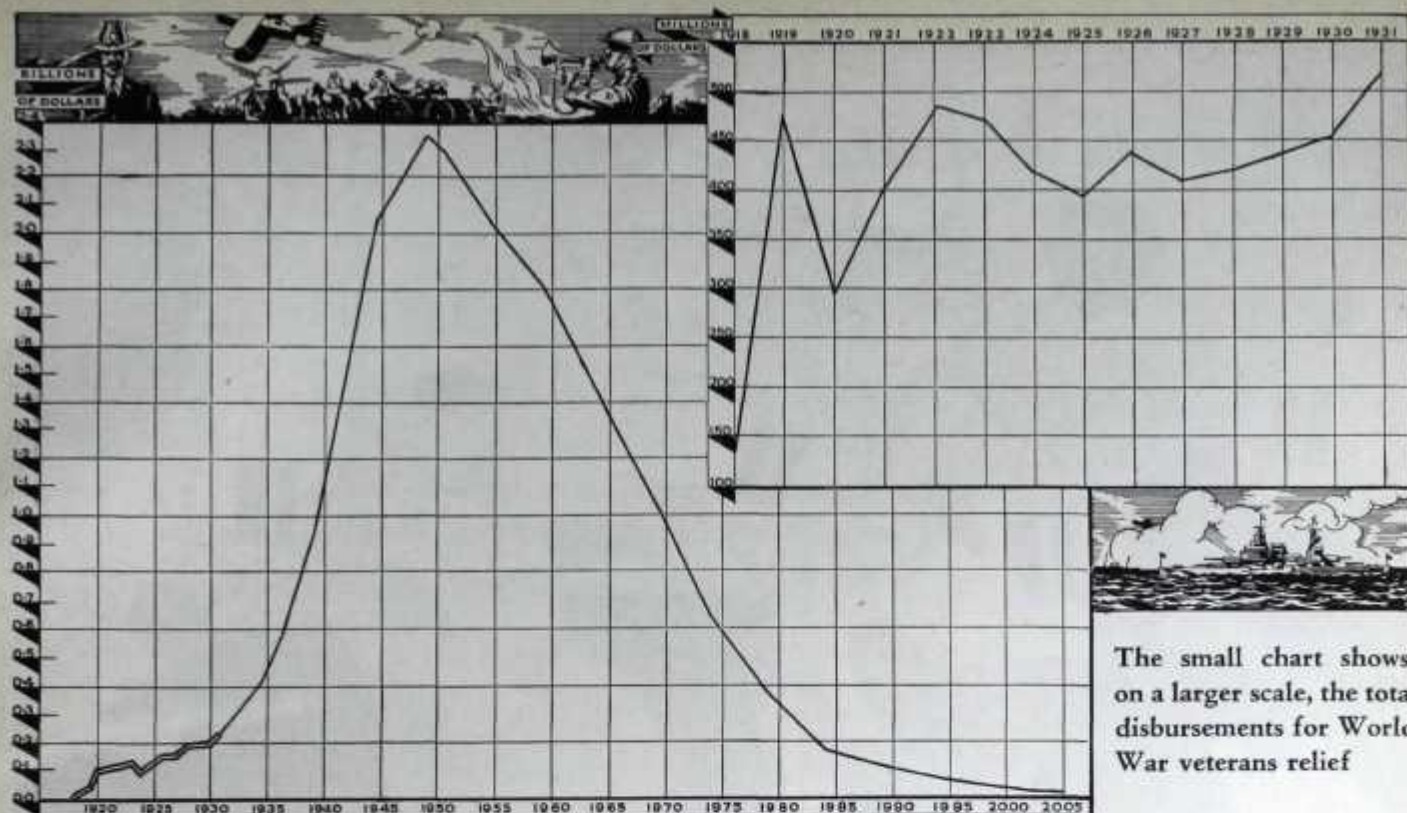
It will be observed in the chart that the trend of World War veterans' compensation cost is expected to continue upward until 1949, thirty-one years after the war, in which years the minimum cost would be two and one-third billion dollars, and the compensations and allowances are not expected to terminate until after the year 2000. In nearly all other countries the trend is already downward, and the costs will cease in a comparatively short time.

It will be observed in Table A that although the World War ceased only 13 years ago, veterans' relief has already cost the Government considerably more than one-third as much as the liberal veterans' relief granted because of all previous wars and of the regular establishment, and the cost is increasing each year.

TABLE A

Total Amount Paid to Pensioners from 1790 to June 30, 1931	
War of the Revolution	\$70,000,000.00
War of 1812	46,199,720.40
Indian Wars	49,012,406.83
War with Mexico	59,813,003.97
Civil War	7,492,455,764.46
War with Spain	572,755,232.28
Regular Establishment	96,946,352.18
World War (for pensions only)	282,288.88
Unclassified	16,513,425.54
Total paid to pensioners	\$8,403,978,194.54
Cost of pension administration	\$153,084,409.54
Cost of maintenance of National Home for Disabled Volunteer Soldiers	\$250,529,257.90
Net cost of World War veterans' relief, including cost of administration	\$4,789,266,156.69
Total cost of veterans' relief, 1790 to 1931	\$13,596,858,018.67

Table B shows, by items, the total



The large chart shows the actual cost of compensation for World War veterans and their dependents from 1919 to 1931 and the estimated minimum cost from 1931 to 2005 if World War veterans and their dependents are granted service pensions comparable to those of the past

cost of the World War veterans' relief since the beginning of its administration to the close of the fiscal year ending June 30, 1931.

TABLE B

Total Disbursements of the Veterans' Administration for all purposes, 1918 to June 30, 1931

Compensation for service-connected death and disability	\$1,835,329,969.75
Disability allowance for non-service-connected disabilities July 3, 1930 to June 30, 1931	29,660,097.65
Emergency officers' retirement pay	25,960,383.68
Medical and hospital services	420,011,705.25
Hospital facilities and services	52,328,514.27
Adjusted Service Certificate Fund	110,735,825.17
Adjusted service dependent pay	40,823,757.04
Military and naval insurance	1,374,004,790.35
Military and naval family allowances	282,085,491.62
Allotments	300,840,764.33
Vocational Rehabilitation	644,960,808.83
U. S. Government Life Insurance	143,675,359.21
Marine and Seamen's Insurance	35,077,918.69
Soldiers' and Sailors' Civil Relief Claims	19,383.65
Administration	425,408,361.08
Annuities to participants of Yellow Fever	

Expedition, 1931	15,750.00
Miscellaneous	264,078.89
Total gross disbursements, ¹ 1918 to June 30, 1931	\$5,722,202,959.46
Total net disbursements, ² 1918 to June 30, 1931	\$4,789,266,156.69

It will be noted in Table C that, from 1922 to 1925, the cost of World War veterans' relief declined steadily. Then came the series of relief acts which, together with liberalization of provisions which already existed, has caused an almost steady upward trend in annual World War relief expenditures since that time. This is also graphically shown in the small chart.

TABLE C

Total Disbursements of the Veterans' Administration by years 1918 to June 30, 1931	
Fiscal year ending—	
June 30, 1918	\$138,816,689.86
June 30, 1919	471,959,348.66
June 30, 1920	294,459,999.75
June 30, 1921	396,577,173.48
June 30, 1922	481,603,795.07
June 30, 1923	470,815,632.55
June 30, 1924	415,138,398.17
June 30, 1925	393,755,857.18

¹Includes \$932,936,802.77 made available by deduction for allotment from the pay of men while in service, and from amounts collected as premiums on the various forms of government insurance.

²After deducting the \$932,936,802.77 mentioned in preceding footnote.

June 30, 1926	436,105,174.36
June 30, 1927	405,348,447.70
June 30, 1928	421,000,759.69
June 30, 1929	432,742,969.44
June 30, 1930	452,150,622.17
June 30, 1931	511,718,778.09
Total ³	\$5,722,202,959.46

What can, and what should be done about this situation?

In the first place all fair-minded patriotic citizens, whether war veterans or not, should unite in combating any further unfair veterans' relief legislation, and should aid and encourage the Veterans' Administration and committees of Congress in any efforts to remedy the situation.

Efforts should also be made, in justice to all service men, to revise those existing military and naval veterans' relief provisions which are correct in principle but which give unequal treatment to veterans and veterans' dependents of different wars and services, so that equal indemnities may be given for equal handicaps.

To do this will require careful scrutiny of all proposed veterans' relief legislation, and strenuous activity to educate and arouse public opinion concerning the dangerous situation that confronts us.

³Includes \$9,313.29 v. r. Revolving Fund loans outstanding.



1 • Popular Fallacies of Business BY CHARLES DUNN

★ "Big Business Buys Up New Inventions and Destroys Them." See those boys gloat as they smash poor old Wimple's Whatnot. They love to smash inventions. They operate big research departments just so they'll have inventions to smash. It's expensive but they have lots of money. How did they make it? Why, by manufacturing and perfecting new inventions—Wait, this doesn't make sense!

The Same Spooks Haunt Every Panic

By JOHN W. LOVE

Cleveland Business Writer

★ **CONSTANTLY** we hear the fallacy that this depression is not like any other, that it brings entirely new problems of overproduction, of wages, of machinery in industry. To men who actually believe these things and to those men who doubt them but lack facts for rebuttal this article is heartily recommended

WHEN the great Imhotep died I suppose the Egyptian public concluded that business could not be quite the same again.

Almost everything had been invented or discovered—the stone building, the wheel, the crane, the sailboat, the science of medicine, some of them by the versatile Imhotep himself. Undoubtedly there also were people who thought the country overbuilt.

Imhotep was old when the contract was let for the first pyramid and he has been dead 5,000 years. Yet fallacies of prosperity and depression are current today which must have been familiar even to him.

In long succession since the close of his career, the world has had booms and depressions, first of political and military origin, then of financial and industrial. Likewise, in unbroken parade in more recent times, we have had theories of cyclical causation and suggestions for cure. No one can be very precise even now as to causes and remedies of depressions, and it may be that the ultimate sources lie so deep in the rhythm of human affairs that we shall be another 5,000 years in running them to their roots.

Though we can scarcely expect in our generation to overcome the swings of the business cycle, it is possible to detect some of the obvious misapprehensions which keep coming to the surface in every commercial crisis and its succeeding "hard times." They are obvious because they are illogical, or contradict themselves, or because they have been embraced during depressions from which we recovered without employing the remedies they called for.

Within the realm of economic mythology I should place the belief that general overproduction brings on depression, and the corresponding belief that it may be cured by schemes for restricting production. Akin to this is the suspicion of labor-saving machinery in a business collapse, supplemented by a reliance upon permanently shortened hours to prevent another recession.

More purchasing power

THEN there is the group of alleged causes which have to do with a debility in purchasing power because wages were too low in the first place. With them travel a series of remedies which contemplate pumping up purchasing power, whether in the form of redistributed leisure (the six-hour day) or wage increases by fiat, or other artificial stimulus to buying.

Finally there is the idea that industrial recessions are wholly psychological and that only disembodied optimism is needed. This is often held by the same people who believed prosperity was permanent in the first place and did nothing to avert its collapse.

On the fringes of these proposals for the care and treatment of economic morbidity lies a group of ideas upon which economists differ. They may or may not be fallacies, and it is not the intent here to rush into controversies over gold, credit, or planned production. Indeed, by the time we got around to all the ideas which have been pronounced false upon very respectable authority, we should no longer be able to hold clearly to any set.

Economists long ago abandoned the crude doctrine of overproduction, but

it is still widely respected by the public. No doubt, considering the number of people who are now thinking on these subjects, there are more believers than ever in overproduction as the cause of depression. Each individual sees what he takes to be overproduction in his business, he hears that allied lines are overproduced and he observes all the appearance of overproduction in business as a whole. What could be more direct than to attack the problem of depression by bringing production in line with whatever demand there is?

Some of the earliest of the economists freely entertained the idea that there could be a general glut of all commodities at once. T. R. Malthus and Sismondi were among them. John Stuart Mill delivered the classical reply. As long ago as 1887, David A. Wells in this country was arguing that so many American commodities had run beyond the normal demand that there was every practical reason to believe that a general overproduction existed. After the short spell of prosperity ending in 1893, Wells returned to the attack. The magazines of the '80's and '90's carried long arguments on the subject, participants in which included Henry George, W. S. Aldis, U. H. Crocker and Thorstein Veblen. The weight of majority was always against these who believed in the possibility of overproduction. The very continuity of the argument is its best rebuttal.

These words from *The Nation* in 1884, a year of declining business, read as if they had been inspired by the recent proposal to destroy part of the cotton:

It would seem as though the country were suffering from too much of everything, and not, as in the former periods of commercial dullness, from too much of some things and not enough of others. Notwithstanding, it must be true that a country's prosperity is grounded upon the abundance and not upon the paucity of its industrial products. It must be true that a nation grows rich by riches and not scarcity.

I have before me the recent book, "The Menace of Overproduction." The editor, Scoville Hamlin, has assembled impressive evidence of overproduction in a dozen industries. I can believe the

testimony of any of the industries, but I cannot believe them all. Particularly do I disbelieve him when he alludes to "capacity to produce consistently more goods than can be absorbed." There are times like these when credit disturbances bring on the appearance of general overproduction, but there is no proof of a tendency of industry to overproduce "consistently."

In the minds of many workmen, the idea of overproduction takes the form of fear of labor-saving machinery. Here again the illusion comes down from high antiquity. British spinners were sending memorials to the House of Commons against machinery during the American Revolution.

Fighting the machines

THERE were riots in Somerset in 1776 at the same time that American colonists were revolting against what they took to be depression brought on by unwise taxation. The woolen industry in England was long hostile to machinery. The deep distress following the Napoleonic wars was widely blamed upon spinning jennies and power looms which had been installed in great numbers in the shortage of labor before Waterloo. British economists argued that if machinery slowly dispossessed people of their jobs it also created new occupations. Not until prosperity returned, about 1830, was the south of England reconciled to the machines.

The Rev. T. R. Malthus, writing in 1820, exonerated machinery from any permanent evil effects, provided—and this exception might be pondered today—the market for the commodities produced is rapidly extended and consumption increased as the machinery is brought in. These new markets, he says, are likely to be foreign markets. Much has been learned since Malthus, but nobody has improved upon the idea that the widest trade makes possible the highest standard of living, whether it is supported by machinery or not. Before anybody proposes the Chinese-wall solution for the depression—virtually closing the frontiers to all import trade save rubber, silk and a few other exotics—let him undertake to refute everybody from Malthus up through Taussig to Paish.

From time to time, after 1830, the suspicion of machinery returned, either in depression or when some spectacular invention touched a whole industry. Karl Marx mentions displacements of

labor by machinery. The hard times of the '80's were blamed by editors upon machinery in part, or an increase in the efficiency of production. One of the most extreme statements was included in the first report of the United States commissioner of labor in 1886. He blamed machinery for a serious overproduction and thought no marked extension of investment was possible.

"The day of large profits," he concluded, "is probably past."

I am not denying here that the rapid

THE American people have survived many depressions. Few of us know from actual experience just how they did it. The NATION'S BUSINESS staff determined to find out with the help of Chamber of Commerce facilities and the archives of Washington. The result is a series of five articles which begins in January. No effort is made to analyse causes. The series will merely give a picture of previous hard times, how people acted, what they thought, how they felt

introduction of machinery in any line of industry will cause distress to workmen who have spent their lives in the trade, nor am I denying that a rapid mechanization of all trades at once will not cause profound disturbance, but I think it is clear that labor-saving machinery cannot cause general depression. The introduction of machinery has gone on steadily for more than 150 years, and in that time we have recovered from a dozen serious disturbances. Each time the machines start up again.

The depression remedy most familiar to readers of newspaper letter columns is the six-hour day. The American Federation of Labor in its recent convention embraced it. Most people would probably accept the idea of spreading work around among as many men as possible in depression (at the same time, in their own establishments, they probably try to do with as few as possible), but the public would not yet accept the belief that the six-hour day is permanently necessary. If Americans desire leisure they can have it, and if they want innumerable conveniences and luxuries they may have those, but there is nothing in economics which compels them to elect a permanently shortened day.

Human wants are too easily extensible

to have to be confined to the earning capacities of six hours.

There is nothing new about the short day as a remedy for depression. By 1829, in the first American trade unions, workmen were resisting long hours in the belief they caused unemployment. Substantially the Ford philosophy of shorter hours to enable men to enjoy the things they make was expressed by Uriel H. Crocker in 1892.

The theory of business depression as due to the lack of consumer's purchasing power has been long and widely held, and often in such respectable quarters that I hesitate to call it heresy. Yet in some of its manifestations it is clearly fallacious. Undoubtedly there are thousands in this country today who believe it is within the power of employers to raise the wages of those who are now employed to the point where their purchasing can reemploy all who are idle. The same theory of wage increases to restore prosperity was well developed by 1894, in the midst of another cycle of distress, when Andrew Carnegie answered that workmen prized continuity of employment more than they did high wages in non-existent jobs.

In reply to the widely circulated fallacy of consumer deficiency as a cause of depression (consumer deficiency is admittedly a result) Dr. Herbert Fraser of Swarthmore said in a recent speech:

The history of past depressions shows that no breakdown in prosperity ever resulted from a failure of consumers to buy goods at retail. After the depression of 1920-1921 the notion of a "buyers' strike" gained wide credence, but the notion was a popular error. The idea was misleading; there was nothing deliberate in the so-called "strike." Furthermore, and this for our purpose is the important thing, the failure in retail trade did not appear until the depression was well under way. . . . Take the present business cycle. Retail purchases were well sustained all during 1929. Even after the stock market crash the volume of consumption at retail was more normal and we were well along into 1930 before the effect upon retail trade became significant.

The causes of wage shifts

THE high wage theory of prosperity, and its converse, the low wage theory of depression, flow from these illusions as to consumer spending power. Wages and purchasing power are the measure of the nation's standard of living, but high wages are results and not causes of prosperity. Henry Holt, writing in the *Forum* magazine in 1895 in the midst of

deep depression, expressed the wages dilemma in a way that few have approached it, so far, in this cycle:

Whether wages were forced down by justice to men seeking employment, or by consumers refraining from buying until prices fell, the employer is blamed as if he were responsible. I asked what the employers were to do in times when people generally incline to wear old hats and old clothes. The answer was: "If they pay high wages, their employees will wear more hats and clothes."

Philosophies to suit the times

THAT last phrase resembles Henry Ford's wages theory, but I submit that the philosophy of high wages was thought of by industrial leaders after wages went up and not before. I hope I am not disrespectful of American business when I suspect that if wages go down, some other philosophy will take its place. In cruder times the theory took the form of the belief that gentlefolk should be wasteful and the poor prodigal, so that money would change hands rapidly. It was presently corrected to the statement that a nation was prosperous to the degree that wages were increasing more rapidly than the cost of living.

To the extent that employers have inculcated the belief that they have been paying high wages because it was best and not because they were forced to, they are responsible for the belief which many hold today that employers can maintain and even increase wages to restore prosperity. They were, perhaps,

responsible for deceiving even the President of the United States upon this point.

Undoubtedly beliefs concerning wages have a strong hold upon the public mind, and it would not do to disregard the psychological effect of wage reductions or increases. But if we regard them as effects, not causes, we are able more easily to restrain our emotions both in prosperity and adversity. The public's "psychology," of which we know so little that is precise, has a large part in current explanations of business recession but, if the psychology is vague, the remedies are often vaguer still.

It is no new thing to seek to exorcise the evil spirits of depression by means of a propaganda campaign directed at the public's feelings. In the winter of 1907 to 1908, when the country was just beginning to recover from the panic of the preceding autumn, the National Prosperity Association was formed to restore business confidence. Its aims were to preach optimism, or, in the word current at the time, "sunshine," and to discourage government interference with business (Roosevelt was President). In the fall of 1920, at the opening of the great depression of 1921-22, we had a wide "Buy Now" movement, the participants in which mostly lived long enough to realize how premature was their enthusiasm.

Our recovery from both the depressions of 1908 and 1921 makes it impossible to prove that the cheer leaders of those times were out of order, but we

may keep in mind the long depression of 1893 and after, when so many persons forecast immediate recovery that the public scarcely believed it when it finally came in 1897.

Panic is the natural reaction from unfounded hopes in prosperity, and there is no doubt that both have important parts in carrying the business cycle too far down and too far up. It was remarked by E. L. Godkin in 1877 that at least two-thirds of those who were then explaining the depression were, in 1872, showing with much vociferation that hard times would never come again. The same "new era" which flourished in 1929 had been observed in the years preceding the crisis of 1907 when our new financial instruments, including our consolidations and trusts, were supposed to be preserving us from "hard times" forever and ever.

No boom industry

ANOTHER of what I believe to be the hallucinations of depression is the belief that a great new industry is required to lift us to another plateau of activity. It would be useful but it is not necessary. We remember the way the automobile plants steamed into action after the great depression of 1921, but that is all we remember. We do not recall the miscellany of industrial revival in 1908, nor the nondescript push of 1897. Railroad building was tremendous in the lush years following the resurrections of
(Continued on page 92)

"Gallery of Popular Fallacies"

NOMINATIONS for the Gallery of Popular Fallacies continue in order. If the particular piece of false thinking which most afflicts your own business has not already appeared in these columns, write us concerning it. We want to include in this Gallery the representative misconceptions in the whole field of American business, to present them for reasoned discussion and critical judgment. This month's selections, with the comments of their authors:

1. "The Customer is Always Right."

A. M. BOVIER, President,
The American Sales Book Company,
Elmira, New York

2. "Labor is the Source of All Wealth."

(Labor alone can produce nothing. There must be a simultaneous operation of four factors—the earth, from which raw materials come, labor, capital goods, and administrative skill.)

R. C. BARNETT, Statistician,
Missouri State Highway Department,
Jefferson City, Mo.

3. "Six Per Cent Interest is Enough on any Loan."

L. C. HARBINSON, President,
Household Finance Corporation,
Chicago, Ill.

4. "A Dollar's a Dollar."

(Nothing fluctuates so much as the purchasing power of the dollar. After all, what we want is purchasing power and not dollars.)

ALVAN T. SIMONDS, President,
Simonds Saw and Steel Company,
Boston, Mass.

5. "It is Cheaper to Rent than to Own a Home."

(In the long run, if this were true, the return on rental investments would be insufficient to attract capital into this channel of enterprise.)

R. BRUCE HOOPER,
J. S. Hooper Company, Realtors,
Minneapolis, Minn.

6. "I Don't Need a Doctor, I've Never Been Sick."

(A popular fallacy of medicine, this. Annual audits of one's health often detect early symptoms of disease in time to check it.)

Wayne County Medical Society,
Detroit, Mich.

THE Popular Fallacies of Business are being discussed in our own pages, and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up at 7:45 p. m. (E.S.T.) every Thursday.—MERLE THORPE

No Business Can Escape Change

★ IDEAS in industry are frequently worth far more than face value. Alert minds are quick to see new applications for those ideas in new fields, bringing new economies or new sales appeal. Today a distinctive development in one industry may have its repercussions in a hundred others

AN experimental unit to generate electricity by means of wind-operated rotors is being set up in New Jersey, financed by six large utilities companies. . . .

A NEW air-conditioning and cooling system for railway coaches uses steam from the locomotive as refrigerating energy, water as the sole refrigerating medium. . . .

BY A new process, working parts of machinery can be economically treated with a pure metallic carbide composition, said to be the hardest yet produced from this substance. . . .

THE amount of moisture present in lumber can be determined by a new portable electrical device. It utilizes simple tuned circuits involving two neon glow lamps. . . .

PARTS for a new unit-fabricated steel office building in Chicago will be put together in shops, eliminating 90 per cent of the usual field work and speeding erection. . . .

STRONG yet invisible fused joints join the sections of a new sectionalized steel house. Walls and roof are furnished; flooring and trim are left to the owner's choice. . . .

PORCELAIN enameled roofing shingles and sheets are being used in oil station and other construction. Their use reduces costs, permits soap and water cleaning. . . .

A NEW insulating lath is designed to allow normal expansion and contraction of building materials beneath the plaster, preventing warping or cracking of the plaster surface. . . .

A NEW material for outside wall construction consists of a one-inch brick facing cemented to two-inch insulating backing. It is manufactured in long slabs, with lap edges and interlocking ends. . . .

A NEW rubber paint has been invented, cost of which is said to be about half that of cold water paint, one-fourth that of oil paint. Acoustic properties are claimed for a special type of this paint. . . .

A RECENTLY developed synthetic, rubber-like material deadens vibration, insulates machine noises, absorbs shock. It is said to be resilient, to adhere to smooth, flat surfaces and to be unaffected by oil or alcohol. . . .

NOW comes an electric razor which offers quick, clean shaves without the bother of blades, brush or lather. . . .

A RUST-RESISTING tin plate has been developed, said to be especially adapted for cans in which products of an acid nature are to be packed. . . .

UNUSUAL strength and lightness are claimed for a new all-aluminum milkcan. Aluminum being nontoxic and non-corrosive, the can requires no inner lining. . . .

PORTABLE quick-freezing apparatus has been developed. Set up adjacent to harvest fields, it handles fruits, berries or vegetables fresh off the farm. . . .

SPACE-SAVING hydro-thermal grids have been devised as an improvement over cooling coils in mechanical refrigerating systems. They accumulate no frost. . . .

A PROCESS has been perfected for laminating Cellophane with paper or fabric. . . .

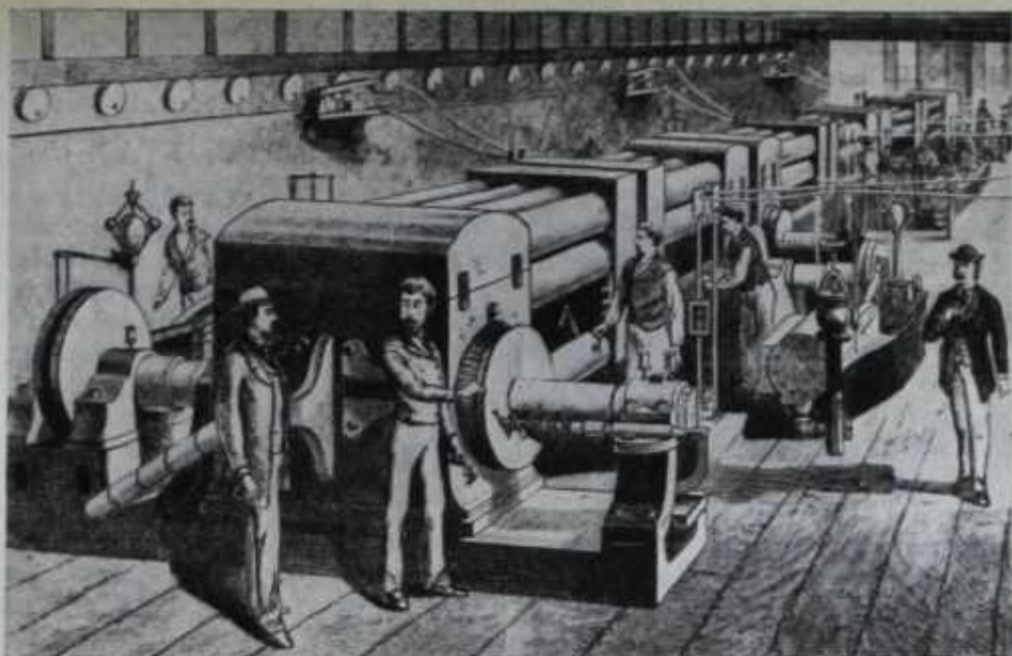
A NEW device to remove ice, snow, and sleet from windshields utilizes infra-red rays, said neither to heat the glass nor to produce glare. . . .

BY A new method of applying copper salts to textile products exposed to the weather (fish nets, etc.) serviceable life of the products is said to be doubled. . . .

NEW automatic devices for proportioning concrete aggregates allow for moisture content, cut off the flow of each ingredient into the weight hopper at the proper point, record the exact quantity of each ingredient in every batch. . . .

SOLID carbon dioxide can be economically converted into either gas or liquid at point of consumption by means of newly designed equipment. . . . —PAUL H. HAYWARD

EDITOR'S NOTE—Material for this department is gathered from industrial and scientific publications, announcements from individual industries, bulletins from research institutions and from personal interviews. Further information upon any of the subjects mentioned will be furnished readers upon request.



The dynamo room in Edison's first electric lighting station in New York

The Long Road to Modern Comfort

By JOHN W. HAMMOND

Of the General Electric Company

PART II In the first article of this series Mr. Hammond sketched the development of electric lighting up to the invention of the incandescent lamp. Here he describes the next step in electric progress

EVEN after Thomas A. Edison's development of the incandescent electric lamp in 1879, the arc light held its place as a popular means of electric illumination and improvements in it continued to be made. In 1880, Prof. Elihu Thomson gave up his position in the Philadelphia Central High School to journey to New Britain, Conn., where he became "electrician" for the American Electric Company, a corporation with \$125,000 capital stock. He made the change as a result of a proposition offered by the Company founders, who included William Parker, its first president, and Frederick H. Churchill, first treasurer and general



Thomas A. Edison in 1879, when he developed the incandescent light

manager. His new connection made it necessary for Thomson to sever his active partnership with Prof. Edwin J. Houston, who remained in Philadelphia. Thomson's eager disciple, young Edwin W. Rice, Jr., however, having been graduated from high school as honor student of his class, became the assistant of his former professor in the new venture.

Both Thomson and Rice had seen

Mr. Edison's lamp but neither had much faith in it. It was inefficient compared to the arc light in which they both had confidence. They went eagerly to work to improve the light, their laboratory a former hardware factory reconditioned for their purposes.

Emmons as bookkeeper

THOMSON lived in New Britain's principal hotel but Rice could afford no such luxury. He shared a room at Mrs. Moore's boarding house with a young bookkeeper and cost clerk, George E. Emmons. It happened that Mr. Churchill hired Emmons to establish a bookkeeping system for the new electric company, a circumstance that added another loved figure to the electrical industry.

In those days the Thomson dynamo ran only ten or twelve lights but soon one was built to operate 16 or 20 lamps and, since the demand was for larger systems, the experimenters worked constantly to increase the capacity.

The path to larger dynamos was blocked by many obstacles. One of these

Thomson solved by attaching a small fan to throw a blast of air on the commutator brushes and prevent "flashing over," a difficulty that had handicapped builders of big machines. This simple device vastly increased the possibilities and the "20 lighter" was soon followed by a "25 lighter."

As the systems grew in size, voltages increased and lighting protection became a problem. Thomson devised a magnetic lightning arrester which was later to be utilized for electric switches and particularly for street-car motors. It was a pioneer discovery.

Electricity first used as power

IN THIS plant also, electricity found one of its earliest uses as power. The pattern-maker's lathe was inconveniently located with respect to the shaft driven by the shop engine so a small direct-current arc dynamo was converted into a motor and used to operate the lathe.

But, while he and Rice lived in a constant and stimulating scientific atmosphere, Thomson was not altogether happy in New Britain. He believed that the Company was not fulfilling certain terms of its contract.

These clauses bound the Company to manufacture "with all reasonable diligence" the inventions covered by the Thomson-Houston patents. These articles were to be sold and put into public use in all advisable ways. If the Company failed to fulfill these conditions, the contract stated, the patents should revert to the patentees and the Company stock, given to the Professor in exchange for the patents, should be surrendered.

In Thomson's opinion, the Company was not putting forth sufficient sales effort; nor was it providing necessary machinery and equipment. He determined to protest but, before he had lodged his complaint, he was invited to attend a meeting of the board of directors and sign a new contract.

He went to the meeting with some knowledge of Company undercurrents. He believed, among other things, that the United States Electric Lighting Company had



One of Edison's first commercial light bulbs

offered to buy a controlling interest in the American Electric Company if a satisfactory agreement could be concluded with him.

Therefore he insisted that the new contract begin with a clause stating that the purpose should be the active prosecution of the business and, more specifically, the manufacture and development of his lighting system.

This suggestion met such violent opposition that Thomson finally walked from the room and soon afterwards turned in his stock and prepared to recover his patents.

He faced an uncertain future, but not for long.

The Grand Army Post in Lynn was seeking a means for illuminating its new building. Electricity was suggested but the Post was dubious. It appointed Silas A. Barton, printer and stationer, to investigate. There was no electric light in Lynn, so Barton journeyed to Boston. He persuaded Henry A. Pevear, prominent leather manufacturer, to accompany him. In Boston they inspected a machine whose name-plate stated that it was the product of the American Electric Company of New Britain, Conn.

A day or two later they appeared at the New Britain plant, where they held some conversation with Mr. Rice. Mr. Thomson, the electrician, they were told, was out of town. They were not told that he was seeking some one with vision and money to invest in the electrical business.

Barton and Pevear were impressed with the possibilities of electric light. They made tentative arrangements for obtaining a dynamo and some arc lamps. Then they went home, called together some of their business friends, and organized, on April 26, 1882, the arc-light central station company, calling it The Lynn Electric Lighting Company.

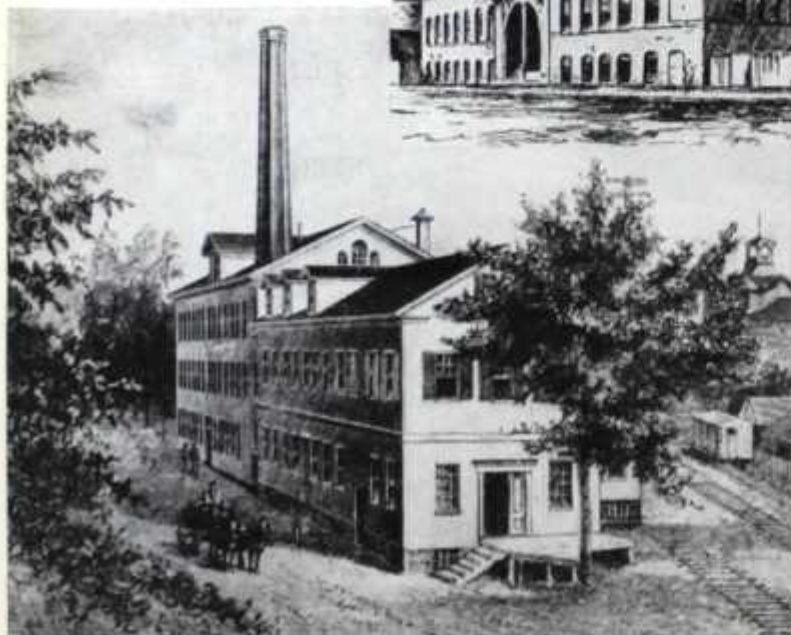
New owners for the company

APPARENTLY Thomson went to Lynn to help install the dynamos to produce the current. At any rate, he met Barton and Barton learned that the American Electric Company was on the market.

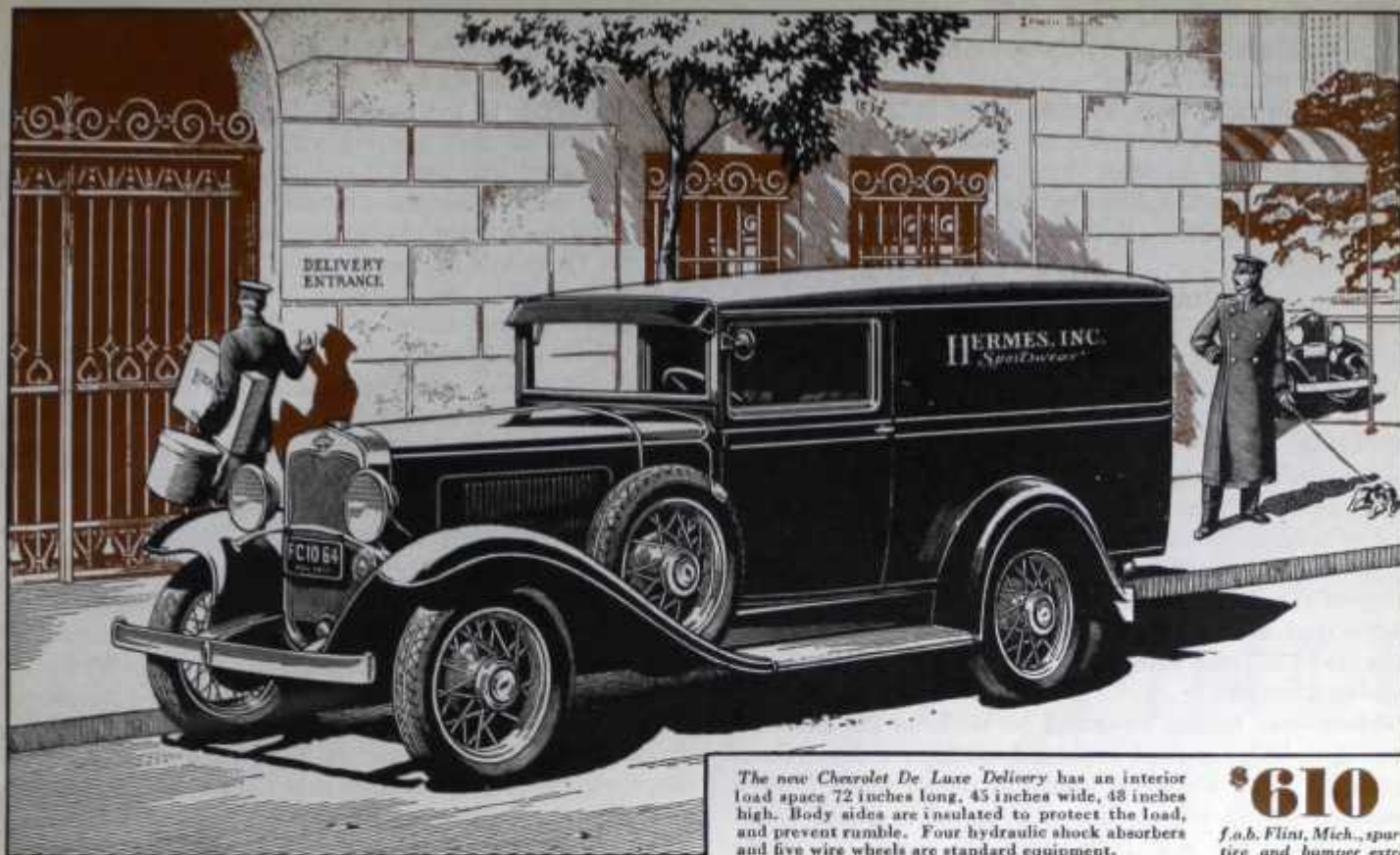
Barton acted at once on that information. He called together some business friends, including Charles A. Coffin, a partner in the shoe manufacturing firm of C. A. Coffin & Company. They became imbued with his enthusiasm. A syndicate was quickly formed.

In the meantime, George W. Stockly, president of the Brush Electric Company of Cleveland, had bought for his Company a majority interest in American Electric. He had made the purchase without knowing of the contract controversy which had separated Thomson and his patents from the concern. Stockly was willing, therefore, to part with his new acquisition.

The Lynn men bought the Company and quickly drew up a contract with Thomson. The company name was changed to "The Thomson-Houston



Below, the Thomson-Houston factory at New Britain, Conn., in 1881. Above, the factory at Lynn, two years later



The new Chevrolet De Luxe Delivery has an interior load space 72 inches long, 45 inches wide, 48 inches high. Body sides are insulated to protect the load, and prevent rumble. Four hydraulic shock absorbers and five wire wheels are standard equipment.

\$610
f.o.b. Flint, Mich., spare tire and bumper extra

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**the
new
de luxe
delivery**

**an unusually smart
and economical half-ton truck**



This new de luxe delivery combines all the rugged qualities of Chevrolet trucks with the many appearance features and refinements that have made Chevrolet passenger cars so widely popular.

Radiator, headlamps and tie-bar are plated in sparkling chromium. Five sturdy de luxe wire wheels are offered as standard equipment, the extra wheel being mounted in a fender well at the side. In every way, this model *looks* the quality that is so carefully built in every part.

Like all Chevrolet trucks, this delivery has a fast, flexible six-cylinder engine that develops 50 horsepower (25 per cent more power than any other truck priced so low). A long frame of 152 inches, supported throughout by four long semi-elliptic springs, permits mounting a body of maximum capacity. And this de luxe delivery has the same efficient Chevrolet chassis that has made unexcelled records for economical operation and upkeep.

In addition to this model, your Chevrolet dealer offers a full line of 24 other commercial cars and trucks with Chevrolet-built bodies, selling at prices among the lowest in the market.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN, Division of General Motors

CHEVROLET SIX CYLINDER TRUCKS

For Lowest Transportation Cost

When visiting a CHEVROLET dealer please mention Nation's Business

Electric Company." Although Professor Houston remained inactive, Thomson insisted, perhaps for old times' sake, that his name be used.

Company capital was increased from \$125,000 to \$250,000 and Pevear was elected president. Charles A. Coffin was the first vice president; Silas A. Barton, treasurer and general manager; J. J. Skinner, secretary; Thomson, electrician, and E. W. Rice, Jr., assistant electrician.

Electric arcs for street lighting

FRESH, vigorous life flowed into the electrical industry from the new Yankee owners. They opened a sales office in Boston. Willard B. Hosmer, a skilled salesman, was employed.

The period of struggle was ended for Thomson.

While these things were going on, the use of the arc lights for city illumination, operated from central stations, was expanding. The first central station, the local Brush Company of San Francisco, had been followed by others. Brush lamps were installed for three-quarters of a mile on Broadway and contracts were let for illumination of Union and Madison Squares.

Meanwhile, Edison continued his work on the incandescent light. Value of stock in the Edison Electric Light Company, par value \$100, had leaped to \$500 a share. From a small generating station, Edison operated a system of incandescent lights that illuminated the streets of Menlo Park. The system was largely experimental but marvellous throngs came great distances to see and praise it.

Edison's financial advisors stood staunchly behind him.

In this system Edison used the parallel circuit, a new practice in this country although common in Europe. The arc lights had used the series circuit by which the wire from the dynamo led from light to light and then back to the dynamo. In the parallel circuit two wires left the dynamo, with the lights connected by attaching them between the wires. A diagram of the system looks like a ladder with a light bulb in the center of each rung. Thus when one light was turned off the other lamps were not affected.

The Menlo Park display had ended doubts as to the practicality of the incandescent light. Edison's associates now took definite steps toward establishing such a system in Manhattan. The Edison Electric Illuminating Company of New York was organized December 20, 1880, to operate and maintain the Edison system on a commercial basis in a little square, termed by Edison the "First District," an area roughly bounded by Spruce and Ferry Streets and Peck Slip on the north, Nassau and Wall Streets and the East River. The financial district lay largely within these borders.

Announcement of the plan brought a flood of letters from potential customers wanting the service but Edison insisted on moving slowly. He realized that he lacked sufficient experience in the practical operation of the system. He personally directed the work, yet two years passed before the first incandescent central station was ready to operate.

During this time, in the Company's headquarters at 65 Fifth Avenue, another convincing display was constantly on view. This was a demonstration of the incandescent light in the illumination of a private home. Night after night the old brownstone mansion was thronged with visitors.

In the Edison Machine Works—John Roach's old ship-building plant—there was intense activity in the manufacture of the Edison dynamo. Edison was busy and needed the constant assistance of his young business associate, Samuel Insull, who was becoming a capable business manager.

At last, September 4, 1882, the central station was ready. Edison, in frock coat and tall derby, nervously gave the word that sent the current through the new system. His nervousness was understandable. He had no precedent.

His Jumbo dynamos were of a new design, one enormous machine replacing ten smaller ones; his wiring system was new, devised by him to meet a condition which arose from the size of the system. It had developed that lights nearest the dynamo got their full current of 110 volts, but the next lamps received only 109 and the next 108 and so on. To meet this difficulty, Edison had devised the feeder system, conductors which ran only between dynamo and a central point in the circuit solely to supply current to the latter. The system is still in use today.

Before the system was put in commercial service, Edward H. Johnson, one of Edison's promoters, resplendent in formal clothes, gave the system its first test. On August 25, he stood upon a box and swung the link connector. He was overeager, however, and made an imperfect connection. There was a sudden crackle and a blue flash leaped viciously from bar to connector. Johnson, greatly startled, sprawled full length upon the floor.

A leak in the lines

ON a second trial the connection was perfect. Every one was relieved until hurrying feet sounded on the stairs and a breathless youngster, eluding guards, burst into the room, shouting.

"Mister, your electricity has got into the pavement up on Fulton Street and all the horses are dancing like mad."

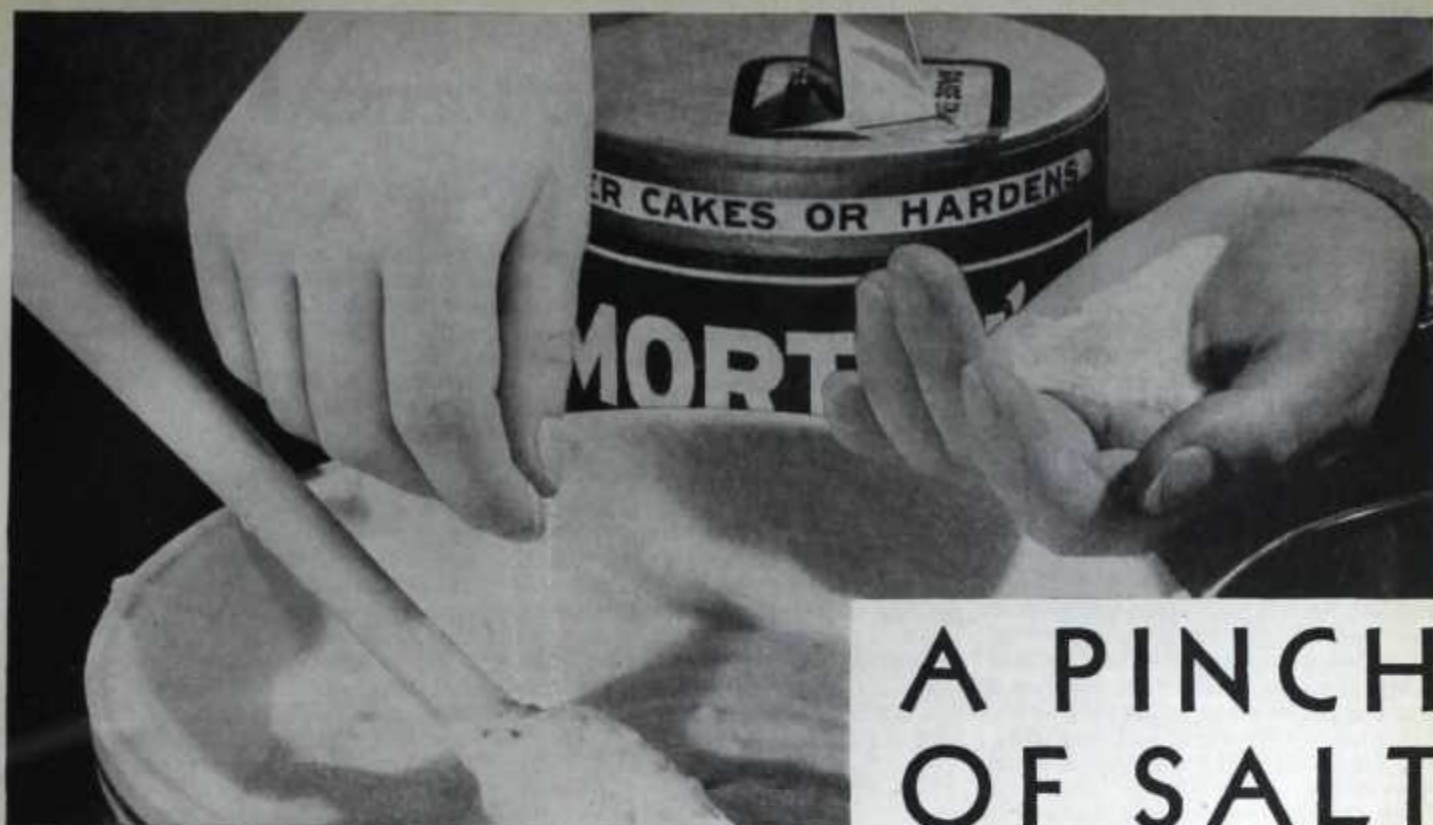
There was no more tranquillity after that. Several days were required to find and repair the leak. Exactly 59 customers were served with current that opening day.

The day of the central electric station for light—and later power—had dawned.

(This is the second of three articles on the early history of the electric industry. The third will appear next month.)



Edison's Pearl Street Station from which electricity was first supplied for incandescent lighting



A PINCH OF SALT

can "make" a cake
or break a manufacturer

To the housewife a "pinch" of salt amounts to simply a little difference in flavor . . . But to the manufacturer who packages the salt she uses, a few pinches overweight or waste per package can easily mount to thousands of dollars lost profits in several million packages a year.

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In over forty years of leadership in the field, Pneumatic machines have become the most widely used packaging method in every industry. There is no better information available to you, as a prospective purchaser of packaging machinery, than that contained in a booklet entitled, "An Interview." Write for it. Pneumatic Scale Corp. Ltd., 67 Newport Avenue, Norfolk Downs, Massachusetts.

PNEUMATIC MACHINES

Carton Feeders—Bottom Sealers—Lining Machines—Weighing Machines (Net and Gross)—Top Sealers—Wrapping Machines (Tight and Wax)—Capping Machines—Labeling Machines—Vacuum Filling Machines (for liquids or semi-liquids)—Automatic Capping Machines—Automatic Cap Feeding Machines—Tea Ball Machines.



PNEUMATIC SCALE PACKAGING MACHINERY

PNEUMATIC SCALE CORP., LTD., NORFOLK DOWNS, MASS.

Branch Offices in New York, 26 Cortlandt Street; Chicago, 360 North Michigan Avenue; San Francisco, 320 Market St.; Melbourne, Victoria; Sydney, N. S. W. and Trafalgar House, No. 9 Whitehall, London, England

When writing to PNEUMATIC SCALE CORP., LTD. please mention Nation's Business.

Yours Received and Contents Noted

Some Readers' Views on Current Topics

Less depression news

TO THE EDITOR:

Far be it from me to assume more wisdom than that of leaders in world thought, or to present ideas that have not already been advanced and must be obvious to a casual observer. At the same time, I am convinced that we are suffering from a "newspaper panic," superinduced and continued by the constant iteration by newspapers and magazines about the "horrible condition we are in," the "army of unemployed," the "hard winter ahead of us," until the man in the street is convinced that we are bankrupt and going to the dogs.

I am morally sure that, if this insistent injection into the minds of the public of a panic-complex could be stilled for 60 days, money would come out of its hiding and a huge proportion of the unemployed would be at work.

The fact that you have emphasized so well that "even though the figures of unemployment asserted by Mr. Greene be true, they constitute but a small percentage of the total wage-earners," is entitled to the closest consideration. I believe that, if the people were allowed to regain their poise, the much talked of "disaster ahead of us" would be averted.

HENRY F. EVANS

Cashman and Evans Insurance
Denver, Col.

Signs

TO THE EDITOR:

I have just read your editorial "Waiting for a Sign" in the October issue of NATION'S BUSINESS. It occurs to me that if the American business man would get busy and make some signs we would have plenty of evidence of returning sanity and prosperity in business.

Witness the fact that my Des Moines jobber told me that he could not supply me with two \$5 wrist watches until the Connecticut manufacturer makes them, as they did not have 120 in their stock room to fill his order.

Witness the fact that he could not supply me with two good high-jeweled watches until one of the great American factories made them.

Witness the fact that my clerk had the local dealer order three times for regular numbers of shoes from a big St. Louis manufacturer and each time, in mid-season, they could not fill the order.

It is high time for the present day business man to make some signs.

WM. S. BEARDSLEY

West Virginia, Iowa

Another letter on the level

TO THE EDITOR:

To show that I am a regular reader of NATION'S BUSINESS—I looked at the cover of your September issue before opening

and noted a surveyor doing a most unusual thing with a surveyor's level. I then turned to page 9 as instructed and read that before we start to build we must sight through instruments, drive stakes along imaginary lines, etc.

Now as a practical engineer I would say that this picture, while very artistic, shows an instrument which if set up and used as illustrated would, I am afraid, throw the building more out of plumb than is business even today.

I assume that you can get away with this kind of a picture due to "poetic license" but the illustration certainly amused a number of men who have seen it.

I can tell you how to set up the instrument so that it will work properly if you can tell me how to look through it and read the future.

ARTHUR C. TOZZER

Turner Construction Co.
New York, N. Y.

Anti-Communist article

TO THE EDITOR:

I have just managed to read the article on "The Worker's Lot in Soviet Russia" in September number of NATION'S BUSINESS. I have no doubt that Colonel Starr is very well qualified to write this article, and I sincerely believe that if all of the people who comprise the so-called working class in the good old U. S. A. could read it they would be less susceptible to the insidious propaganda of the Communists, who seem to delight in aggravating the critical situation we are passing through today.

I congratulate you on publishing and Colonel Starr for writing this article.

O. W. RENKERT

President & General Manager
The Metropolitan Paving Brick Co.
Canton, Ohio

Chain executive replies

TO THE EDITOR:

Baiting "big business" has for many years seemed popular. The usual basis for these attacks is the claim that the public is paying excessive prices for the commodities or services vended but in the case of the chain store the arguments are quite the reverse. The chain store is being criticized, legislated against and taxed because, in the opinion of its competitors, it sells its wares to the public at prices too low, though a fair profit is realized from its transactions.

Even our U. S. Supreme Court, by a majority (5 to 4) opinion, conveys the impression that, by divine right, chicanery or special privilege, a chain has some particular advantage and may be properly handicapped by special taxation to offset its mystical superiority.

Let me assure you that no mystery, leg-
ordmain or patent rights are involved in

chain store distribution. Simple efficiency, elimination of waste and just plain old-fashioned frugality and common sense applied to distribution are responsible for the successful growth of the idea. If you believe this, you will agree that there is much popular misconception of the principles involved.

The writer is in a fair position to compare the old method of distribution with the new as, during the early part of his business life, he was engaged in distribution operated according to the old order and for the last 25 years has been closely connected with chain store development and operation.

I am aware of the merits and demerits of both forms of distribution, what each has done or might later accomplish for the masses. I estimate that one-half of our population desires convenient forms of merchandising that include credit and extensive service. The other half prefers, or perhaps necessarily needs, to take advantage of a less expensive form of merchandising. Generally speaking, the chain store is the "poor man's" shop and you know that there is little elasticity to the \$25 a week pay envelope. The only way it can be stretched is by some personal sacrifice, effort or economy. For this class, the chain store is almost a necessity—possibly a real blessing if we could look behind the scenes in many homes.

CHARLES F. ADAMS, Treasurer

First National Stores
Somerville, Mass.

Finds valuable lesson

TO THE EDITOR:

There is an article on selling found in your magazine entitled "Salesmen Who Can't Sell Goods to Me" by Frank J. Taylor.

May I mimeograph this article for the use of my class in Salesmanship?

HERBERT W. HESS

Head of Merchandising Department,
The Wharton School of Finance and Commerce,

University of Pennsylvania,
Philadelphia, Pa.

Canadian encouragement

TO THE EDITOR:

Surely the time has come to deflate the pretensions of the false prophets who will settle the problem of the world's ills with the like ease that they untie their shoelaces.

First we have those who are forever telling us that the present depression is the worst in history. Did these people ever study history? Surely anyone can recall periods compared with which the present is like a picnic.

To go no further back—what was the economic situation of the civilized world
(Continued on page 90)



EVERY new piece of business equipment or office machinery produced by Remington Rand has always made a lasting dent in operating costs.

But when the Remington Rand engineers *completely electrified* the Remington Accounting Machine, they simply turned the lightning on accounting costs.

It is not exaggeration to say that this new Remington Electric institutes an entirely new method of machine accounting.

The electrification of *both* keyboards, carriage return and line spacer, eliminates 80% of the purely physical labor and fatigue . . . greatly in-

creases production . . . greatly decreases errors.

And automatic vertical and cross computation, automatic proof of accuracy, front-feed and the ability to make many legible carbons, permit speedier collation of forms, and the adoption of accounting "short cuts" never before possible.

No matter what methods you are now using, or what types of machines, we make the unconditional statement that this machine will perform the service far more speedily, easily and economically. Write or 'phone our nearest office for a Remington Rand man to show you in dollars-and-cents how the Electrified Remington can lower *your* accounting costs.

Remington

Completely *Electrified* Accounting Machines

PRODUCT OF REMINGTON RAND • EXECUTIVE OFFICES, BUFFALO, N. Y.

When phoning or writing a REMINGTON RAND office please mention Nation's Business

Depression, Mother of Opportunity

By EDWARD S. JORDAN

President, the Jordan Motor Company

ILLUSTRATIONS BY GEORGE LOHR

THOSE young men who regret that they did not live in more adventurous days may sometime look back with gratitude upon the dolorous hours of 1931 when as many opportunities were banging at the door.

Scanning the past in 1951, the Henry Fords, Samuel Insulls and Owen Youngs of tomorrow will confirm the fact that out of every depression new fortunes and new leaders emerge.

A few hundreds, perhaps, of the many thousands of men and women leaving college this year will have the wisdom to weigh calmly the sad commentaries of their elders on the days that are gone, and the vision to discern the new world of infinite opportunities now in view.

A depression simply represents the triumph of collective selfishness and wrong thinking over collective intelligence.

When the debacle occurs men always look for causes everywhere except within themselves. The next few years, for the ambitious man, should, therefore, be a period of high individualism in preparation for the new era when he can offer his developed contribution to the group. The job of the individual approaching the new era is to organize his personal forces to produce something of value. He will find his market and fair fortune.

There will be hot competition. Thousands of the so-called "big shots" of the first decade of prohibition have given up their matched clubs and their margin accounts. Now they will do some plain living and high thinking instead of high living and plain thinking.

Concerning the days that are gone, a few words will suffice. Overproduction

without adequately organized and economically directed manufacturing and distribution has imposed an instructive penalty.

These few words have been chosen from among the billions written and spoken since the output of words, like automobiles, common stocks, wheat, shoes and everything began to exceed



There will never be an overproduction of brains nor a surplus in the field of ideas

IN WHAT condition will you find your business and yourself in 1951? Mr. Jordan, of course, can't tell you. But he can, and does, tell you the important part that 1931 occupies in any forecast of your future

the production of jack rabbits in the Texas Panhandle. The lesson they teach will prove a blessing to the leaders of tomorrow.

Concerning the future even more words have been written and spoken. Ideas, not words, will make the Fords, Insulls and Youngs of 1951.

Six fundamentals

THERE is always a simple fundamental solution for every problem we encounter as individuals in every human relationship.

The purpose of this article is to designate six certain fundamentals which will reveal the path to men who bring spirit and knowledge to the application of ideas.

The problems of progress are always the same. Given first an idea, the sequence follows:

1. Engineering or planning right.
2. Purchasing or buying right.
3. Production or building right.
4. Sales and advertising or selling right.
5. Distribution or marketing right.
6. Auditing or knowing you are right.

Suppose we define an "Idea." Start with engineering. When Charles Kettering took the self-starter to Henry M. Leland of the Cadillac he knew it would quadruple the production and sales of motor cars.

One of the engineers said:

"Impossible—a motor of that cubic displacement would need too much horsepower to start."

Kettering said, "Hell, I'm no horse and I crank it all the time."

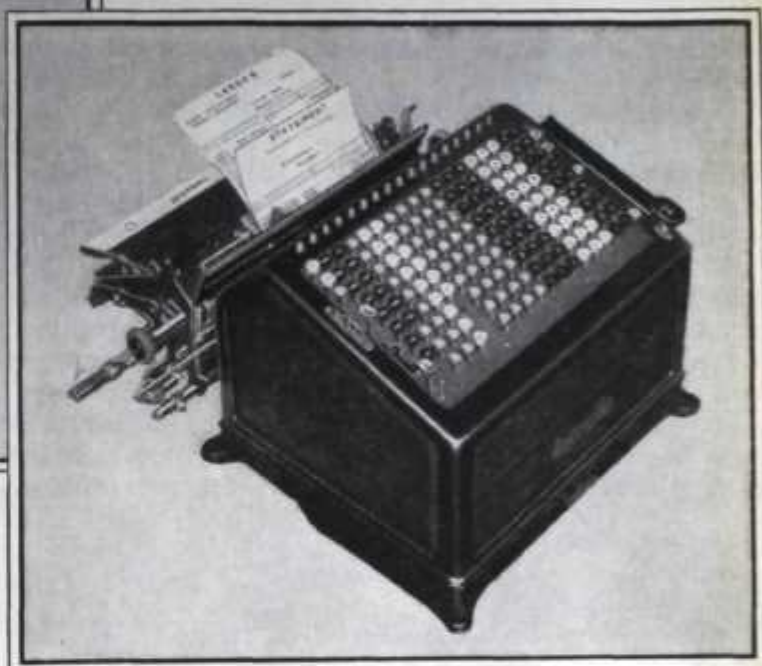
Soon millions of women began to

BURROUGHS

AUTOMATIC BOOKKEEPING MACHINES



*with or without
typewritten description*



Whether or not your accounts receivable or accounts payable posting requires typewritten description, there is a Burroughs Automatic Bookkeeping Machine that will do the work faster, more economically and with greater ease. These machines not only have many automatic features, but they also provide for the posting of two or more related records at one operation. Among the combinations of records that can be handled at one time are the following:

Accounts receivable ledger, customer's statement, and proof journal (with or without carbon).

Accounts receivable ledger and distribution of sales, cash, or miscellaneous entries.

Installment ledger and distribution of sales by departments or distribution of cash receipts (revenue) by years of sale.

Accounts payable maturity (due date) ledger or remittance advice and invoice register.

Remittance advice, departmental purchase or expense record and invoice register.

Accounts payable record (either voucher or ledger) and invoice register with distribution of purchases.

For complete information about these or similar machines for posting stock records, payroll, general ledger and so on, telephone the local Burroughs office, or write—

BURROUGHS ADDING MACHINE CO., 6222 SECOND BLVD., DETROIT, MICH.

—Burroughs—

When phoning your local BURROUGHS office please mention Nation's Business

operate motor cars. Kettering had what is technically known as an idea.

When I first knew Charles Kettering in Dayton I looked upon him as one of the gods from Mount Olympus. He was getting \$15,000 a year (to me a fabulous sum), having developed the electrically operated cash register.

An idea that worked twice

NOW, frequently when I start my car, I think of a merchant pressing the key which actuates the tabulating, printing and drawer-opening mechanism of that device which made and saved so many millions. That bright boy certainly had an idea. It worked twice.

There will never be an overproduction of brains and ideas. Fortunately for men who have learned to think there are many ideas immediately applicable outside the field of inventions.

For many years the Pullman Company, operating eight thousand hotels on wheels throughout the United States, allowed the public to decide to leave most of the upper berths vacant. Then David A. Crawford, new president of that company, got an idea. Those thousands of conductors, who look after the

on the north. Who, at some moment of irritation, has not thought of the luminous keyhole?

If engineering planning is first in the sequence then engineers of the new era may wisely conquer certain fears which in the past have dominated so many.

Many engineers are timid creatures. They are afraid the boss may call them impractical. They have the ideas but they fear to be leaders. Afraid of the boss, the budget, or their contemporaries.

Edison's biographer says he was thrown off a train by the conductor when a fire started in his laboratory in the baggage car where he experimented between trips through the train as a news butcher.

But that great boy didn't let the train leave him. He clambered into the door of an open box car trailing behind. A brakeman helped him—by the ears—and damaged his hearing for life.

Bell stood around a little booth at the Centennial Exposition in Philadelphia watching the crowd looking for the bearded lady. He was hardly noticed until the Emperor of Brazil came along and discovered that Bell had an instrument through which you may now talk

Our engineers feared the four would be too complicated, too expensive to run. The next spring they used the Oldsmobile as the pattern for their new car.

Many engineers and many presidents wait until some recognized leader sets the pace.

There are social kings among the motor cars, and style leaders in hats, gowns and cross-cut saws.

Accessory salesmen used to count on settling all argument by saying to our purchasing agent, "The Cadillac has adopted it. The rest will follow." So we put up a sign in the purchasing department reading, "We know the Cadillac is going to use it."

The purchasing agent follows the engineer in the sequence. Good purchasing agents are born and not made. They are direct descendents of David Harum, the great horse trader of fiction. John Willys, super-salesman, with a rare sense of humor, is a natural buyer. Any salesman for a vendor who could not induce his boss to give John a better price on materials went home from Toledo feeling mean.

Charles W. Nash is a real purchasing agent. Someone asked the late Judge Alford, remarkable and charming associate of Nash, how Mr. Nash spent his evenings. Did he play bridge?

"Bridge," laughed the Judge. "He figures out how to make the car better for less money."

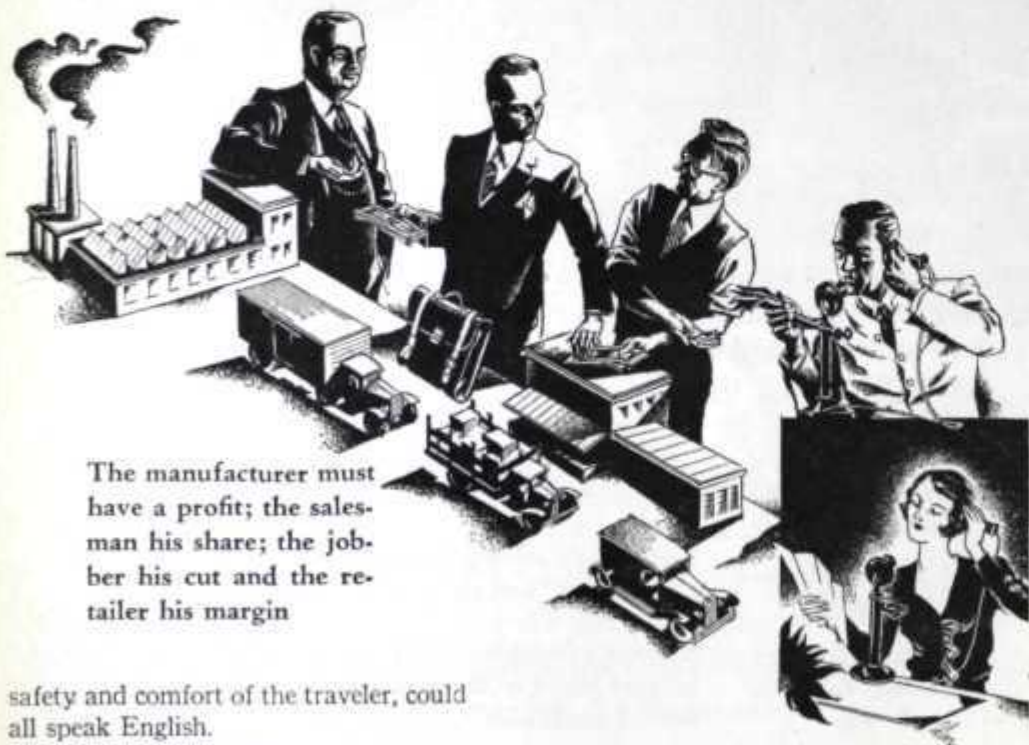
Economy at home

NASH is no doubt the best inside economist in the industry. "He makes us use lead pencils until they are short," said one of his executives. "Economy begins at home, in the plant," says Nash, "that's where much of the profit must be made." There is the fundamental.

Someone tells about going to his home after dinner. Nash met the visitor at the door with a kitchen apron on. This great economist would puddle in the foundry if it were necessary to help. His men admire him because he can do any job.

The purchasing agent passes the ball to the production man. Production, or building right, in many lines of manufacture demands a production man who is stubborn as a mule and a president who will back him up. Ford's success seems a miracle to some. It is not. He simply built a single model and stuck to it. There's the fundamental.

They used to tell how some dealer



The manufacturer must have a profit; the salesman his share; the jobber his cut and the retailer his margin

safety and comfort of the traveler, could all speak English.

Crawford said, "Why not organize them into a selling force?"

The conductors started selling sections, at a reasonable cost above the price of a lower, and Crawford's cashier and the public smiled comfortably.

That was an idea.

Now if someone will induce the Pullman Company to put delicately luminous numbers on the curtains, another idea will have emerged. The line forms

to any one of 25 million people on two continents if you want to call the operator.

Too often the engineer waits for the other fellow to do it. Sometimes he even follows reluctantly. A dealer, one day in 1907, gave me an order for 500 two-cylinder cars. Oldsmobile suddenly announced a four in the same price field.

CONTACT...



the first essential of SELLING

It may be personal ... published ... broadcast ... or through Direct Mail. Of these, Direct Mail provides the most controllable contacts. And ADDRESSOGRAPH furnishes an economical, accurate method of making them. >>> ADDRESSOGRAPH self-writing records provide an indestructible file of market information ... names, addresses, and data concerning those from whom you desire business. These self-writing records ... placed in an ADDRESSOGRAPH ... address envelopes, folders, post cards and other types of advertising literature ... imprint enclosures and booklets ... at speeds up to 7,500 hourly. >>> Addressing costs are so low and ADDRESSOGRAPH lists are so convenient for speeding out sales messages, that regular contact with customers and prospects can be maintained at several dollars per thousand less than by any other mailing method. >>> In like manner ADDRESSOGRAPH writes customer records on ledger sheets, statements, orders, checks ... all business forms. It writes employees' names on pay forms, work tickets, communications. >>> So even though your selling activities be limited, the need for repeatedly written standard records throughout your business makes ADDRESSOGRAPH a profitable installation. Write for further information, or phone your nearest sales and service agency.

ADDRESSOGRAPH COMPANY

1814 East 40th Street, Cleveland, Ohio

Addressograph-Multigraph of Canada, Limited, Toronto, Ontario

Divisions of

Addressograph-Multigraph Corporation

Sales and Service Agencies in all Principal Cities

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Addressograph

TRADE MARK

PRINTS FROM TYPE



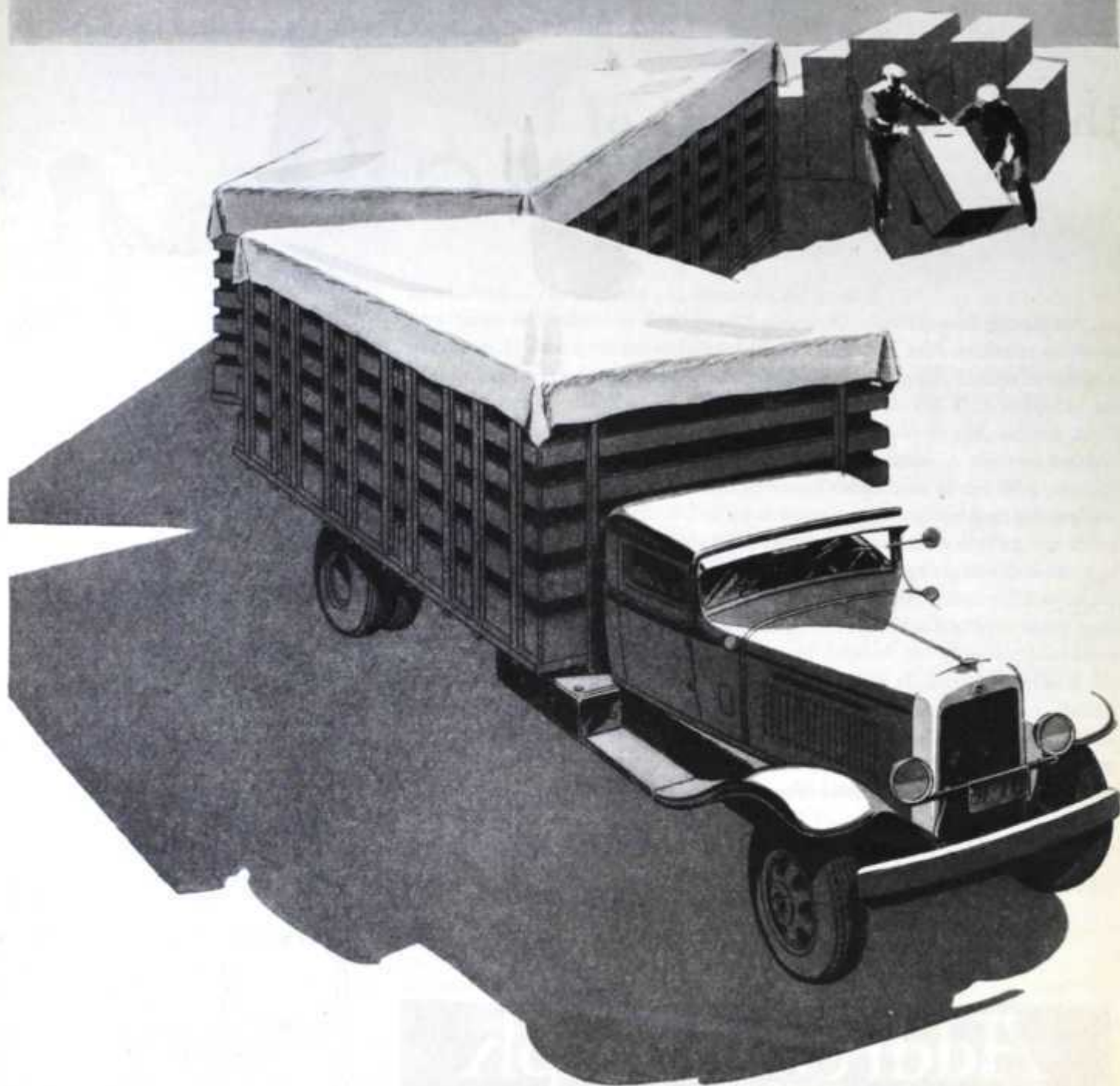
ADDRESSOGRAPHS

For Every Business
— large or small

The broad line of Addressograph record keeping and writing equipment includes over 35 styles of self-writing metal records and machines of writing capacity to fulfill the needs of your business. A representative will gladly analyze your needs, and show you how Addressograph will save and make money for you.



GENERAL MOTORS TRUCKS



BUILDERS OF COMMERCIAL VEHICLES EXCLUSIVELY

When visiting a GENERAL MOTORS TRUCK

AND TRUCK-BUILT TRAILERS

TRUCKS AND TRAILERS TEAM FOR PROFIT IN THE NEW GENERAL MOTORS TRUCK MATCHED UNITS . . .

For the first time in motor truck history, a truck manufacturer provides trailers as well as trucks and tractors to meet every hauling need. General Motors Truck matched units team for greater efficiency. They introduce better road-performance, because motive unit and trailer are designed to work together perfectly. They bring new economies in maintenance—many vital parts of trucks and trailers are interchangeable, one repair stock serves both. And they are sold by the same dealer organization, everywhere. One purchase agreement covers all your equipment requirements. Call in a General Motors Truck advisor when you need new hauling units, and take full advantage of his broad experience in choosing the most economical types of equipment for every kind of service. Time payments are financed at the lowest available rates, through our own Y. M. A. C.

GENERAL MOTORS TRUCK COMPANY, PONTIAC, MICHIGAN (A Subsidiary of Yellow Truck and Coach Mfg. Co.)

In Canada: General Motors Truck and Coach of Canada Ltd., Walkerville, Ont.

dealer please mention Nation's Business



Sunlamp illustrated, Model C Ceiling type, \$59.50. Other models for home use, \$26.50 to \$59.50.

Take a Sun bath at your desk

with the General Electric Office Sunlamp...

No matter how busy you are... no matter how gloomy and cold the day... you can get a glorious, glowing June sun bath, at any time you need it... with a G-E Sunlamp over your desk.

You know how exhilarated and invigorated the ultra-violet rays of June sunshine make you feel. You know, too, that winter sunshine contains very little of this ultra-violet ray richness. But now there is no need to go through another sun-starved winter. For the G-E Sunlamp closely approximates the ultra-violet richness of June sunshine... and you can have it at any season... day or night... at your desk.

Home Models, Too

There are other G-E Sunlamp models... for ceiling, table, wall and floor, for bedroom, living room and bath. All developed by General Electric scientists... all rich in beneficial ultra-violet... all safe to use... all operated from A. C. lighting outlets.

See your G-E dealer, or send first for a copy of our booklet, "Sunshine and Health," which tells more about the benefits of ultra-violet.

When wiring or re-wiring your home, specify the G-E wiring system. It provides adequate outlets conveniently controlled and G-E materials throughout.



GENERAL ELECTRIC SUNLAMP

Merchandise Dept., Section L-9412, General Electric Co., Bridgeport, Conn.

Please send me free booklet, "Sunshine and Health," telling all about the benefits of ultra-violet.

Name.....

Address.....

was begging him to change the Model T, urging him to put on a self-starter.

"When we put on a self-starter it will be a cut in the price," said Ford.

Harold Wills, who was with Ford for years, was asked one day to define Ford's dominance in the industry. He replied, "Ford was the first to build a car for the other fellow. Other early manufacturers were building cars in which they liked to ride themselves."

But the reader will ask, "If that's the secret of economical production, why didn't other manufacturers stick to one model?"

The late Jack Cramer, of Buffalo, one of the most successful distributors in America, had an answer for that.

He said, "An engineer sweats blood designing a car that can be produced at the right cost; the purchasing agent buys right; the production man gets all set for a volume run and the dealers all ready for profit. The car makes a hit. The boss, who has worked hard for many years, makes a lot of money; puts some in a New York bank; is elected a director; gets an invitation for a Long Island week-end; meets some charming people who have chauffeurs and is humiliated because he isn't building a car for the elite. So he abandons the plan that made his success, builds a few more models and Ford has another laugh."

The salesman and advertising man follow the boss of production. Modern selling, in its most imitated form, started in Dayton, Ohio, about a quarter of a century ago. John H. Patterson, of cash register fame, was the inventor. The development of modern advertising has been coincident with the growth of the Curtis publications. If the copy was good enough for the *Post* and *Ladies' Home Journal* it was advertising.

The first copy, following the business card era, was written by school teachers and ministers. They could spell. It read like the *Congressional Record*. Now some of it reads like the flapper novel.

Lectures on advertising

JOHN H. PATTERSON was giving a chalk talk one day to a crowd of salesmen and advertising men at the cash register factory in Dayton. I was sitting in the front row and suddenly he pointed his finger at me and shouted, "What is advertising?"

"Advertising is teaching, Mr. Patterson," said I, trembling.

"What is selling?"

"Selling is making the other fellow feel as you do about your product, Mr. Patterson."

"What color should never be used in advertising?"

"Brick dust red, Mr. Patterson."

"Huh," said the great teacher of salesmen. He didn't know that I had been warned and coached letter perfect by the late Harry Ford, who preceded me on the job. Ford was afterwards general manager of the Chalmers Company in the hey day of that organization.

Patterson organized the first high-speed, educated selling force in the world. Every man had a quota and he either made it, gave a good reason, or found another job.

Urging on his salesmen

SALESMEN in the field today never get such training. Think of how many of them would hustle to make quota if John H. Patterson personally walked into the hotel barber shop while they were discussing the depression with the manicurist.

He used to do that very thing. Once he covered 51 towns in about as many days and there were no airplanes and few automobiles then. Nevertheless every local manager found Mr. Patterson sitting on his door step when he came to work in the morning.

Sales management is a problem of growing seriousness because it is so closely related to the biggest economic problem in the world today—that of distribution.

All the great minds may concentrate on this and be baffled and rewarded in turn but battle-scarred and weary. Volumes might be written on distribution and its new intricacies. In this outline of the fundamental problems of the new era it will suffice to state that the cost of distribution seems out of all proportion to other costs in business. Engineers may design economically. Production men may perform miracles. Sales and advertising men may be wizards. The cost of distribution is the bogie.

The manufacturer must have a profit; the salesman his share; the jobber his cut; the retailer his margin and his "mark-up"; and the customer has been educated to expect extraordinary service.

A story in a light vein but to the point will suggest the problem. A woman telephoned a grocery store. She was hurried. "Send up your truck with 15 cents' worth of animal crackers," she said, "and take out the elephants. The baby is afraid of them."

Now comes the really vital problem in the sequence. Do you know whether you have made any money? Everywhere I

"STRIKE THE SAILS, SKIPPER WE'RE GOING OFF THE TRACK!"



A railroad car that sailed before the wind! Such was the Aeolus, built in 1830. It was a great success...until it was blown from the track and piled into a mud-bank. The "engineer", a former sea captain, couldn't strike the sails in time.

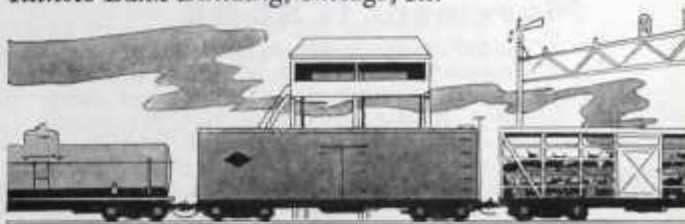
TO THE MEN who built the *Aeolus*, the railroad was a dream and a hope. But even their wildest dreams and fondest hopes did not foresee the railroad of today—the most efficient means of transportation the world has ever known.

Trains roaring across the country—spanning a thousand miles in less than a day. Efficient delivery of perishables over great distances. Of food, clothing, chemicals, building materials—thousands of products and commodities necessary for the existence of millions of people. Modern civilization could not exist without the railroads.

To insure prompt delivery the railroads must always have sufficient cars—cars which, on short notice, may be routed to any part of the country. But the number of special cars necessary to take care of a nation's transportation needs requires an investment prohibitive even to many of the largest lines. Such cars are not always in service. Their use is seasonal. During the rest

of the year they must remain idle. And idle cars mean tremendous expense.

Many railroads therefore, maintain only sufficient cars of a special nature (such as refrigerator and tank) for their daily requirements. And, at peak seasons, they call upon the General American Tank Car Corporation for additional equipment. General American, by leasing cars first to one road and then another, is able to operate its fleet of 50,000 cars economically throughout the entire year. And thus it becomes the railroads' most efficient aid—enabling them to render better service than otherwise could be possible. Address Continental Illinois Bank Building, Chicago, Ill.



GENERAL AMERICAN TANK CAR CORPORATION

BUILDERS OF ALL TYPES OF RAILROAD FREIGHT CARS

When writing to GENERAL AMERICAN TANK CAR CORPORATION please mention Nation's Business

Constructive Auditing

An independent audit is to be regarded always as the means to valuable advice from the auditor or auditing firm.

Too often, auditing service ends with the report of the financial condition of (name) as of (date).

Auditors should be equipped—and should be employed—to offer recommendations in connection with method, policies, financing, etc.; to furnish comparative statistics intelligently prepared; to point out how mistakes and waste may be eliminated, and pitfalls avoided.

Of course, *every audit should be a Detailed Audit*. But whether it be *Detailed, Semi-Detailed or Balance Sheet*, it can, and should be made to, serve as the basis, not only of the financial report, but also for constructive help.

With the business man's appreciative understanding of this help, and the cooperation of progressive Public Accountants, Auditing becomes *Constructive* and offers its greatest value.

ERNST & ERNST

ACCOUNTANTS AND AUDITORS
SYSTEM SERVICE

AKRON	DALLAS	HOUSTON	NEW ORLEANS	ST. PAUL
ATLANTA	DAVENPORT	INDIANAPOLIS	NEW YORK	SAN ANTONIO
BALTIMORE	DAYTON	JACKSON, MISS.	OMAHA	SAN FRANCISCO
BIRMINGHAM	DENVER	KALAMAZOO	PHILADELPHIA	SEATTLE
BOSTON	DETROIT	KANSAS CITY	PITTSBURGH	TAMPA
BUFFALO	ERIE	LOS ANGELES	PORTLAND, ME.	TOLEDO
CANTON	FORT WAYNE	LOUISVILLE	PROVIDENCE	TULSA
CHICAGO	FORT WORTH	MEMPHIS	READING	WASHINGTON
CINCINNATI	GRAND RAPIDS	MIAMI	RICHMOND	WHEELING
CLEVELAND	HARTFORD	MILWAUKEE	ROCHESTER	WINSTON-SALEM
COLUMBUS	HUNTINGTON, W. VA.	MINNEAPOLIS	ST. LOUIS	YOUNGSTOWN

hear of the great number of automobile dealers who are losing money and don't know it. Since thousands of them fail every year, their knowledge as to solvency or insolvency must be gradually spreading.

The best auditor I ever knew was Thomas B. Jeffery, famous builder of the old Rambler bicycle and car, inventor of the Gormully & Jeffery pneumatic clincher tire and an old-fashioned business man. I never heard of him borrowing money to run his business. When his family sold out to Nash they received several million dollars and he was never a big volume producer.

His auditing system was simple. Arriving at the factory every morning on the clock he would step to the cashier's window. Two questions were always put. "How much do we owe?" and "How much have we got?"

(This is the final article of a series of four by Mr. Jordan.)

Saving on Family Food

A BUSINESS promotion plan with a timely appeal has been evolved by the Kroger Food Foundation, sponsored by the Kroger Grocery and Baking Company, of Cincinnati.

Briefly, the plan embraces a "budget-saving" menu service, designed to show housewives how to cut corners on food costs, how to keep up the food standards of their tables, and still keep within the limits of straitened food budgets. This service makes available to shoppers at the Company's stores pamphlets containing complete food-buying programs, ready for use. Complete menus for families of four for two weeks are listed, together with recipes and marketing lists. Two groups of menus and lists are given, one that will provide such a family with a well-balanced variety of foods at a cost of \$15 or less a week, the other with nourishing meals at a cost of \$10 or less a week.

It is pointed out in the pamphlets that it is necessary to plan ahead and buy ahead in order to achieve the necessary economies. Directions for utilizing leftovers are given, together with reasons for the inclusion of certain foods. The menus are worked out in such a way that balance and nutritive values have been obtained, saving any thinking or planning by the housewife in these regards and making it only necessary for her to consult the shopping lists, buy the foods and amounts recommended and follow the menus from day to day.

BEAUHARNOIS...Canada's Best Industrial Area

The Made-in-Canada Movement is REAL

Canadians are in earnest about buying Made-in-Canada goods. An effective tariff wall adds to the protection afforded home industries. Locate in Canada and enjoy both domestic and Empire markets. Locate in Beauharnois and have cheap power from a 2,000,000 h.p. site, plentiful labor and unusual rail and water shipping facilities as well.

Send for this Book



Write for Booklet B2.



Beauharnois Power Corporation Limited

MONTREAL

CANADA

5 Minute interviews that get Orders



WHEN boiled down to essential facts, all the information the average buyer requires to crystallize buying decision can be absorbed in five minutes. And MULTIGRAPH provides an effective, low cost method of getting orders through such five minute interviews. ♦ ♦ Right in your own office . . . with savings up to 40 per cent . . . MULTIGRAPH will supply the printed and typewritten sales messages you need to bring in a steady flow of business. ♦ ♦ Folders, booklets, leaflets, enclosures, post cards, blotters, price lists, personalized sales letters, miscellaneous printing and imprinting, can be produced for little more than the cost of materials . . . with speed that is priceless when time means money. ♦ ♦ With MULTIGRAPH you can sell direct . . . economically and profitably. Or increase salesmen's effectiveness by having *five minute interviews* do the "missionary" and "follow-up" work. ♦ ♦ A representative will, upon request, explain how MULTIGRAPH will help you secure more orders at smaller selling cost. And at the same time, show how administration, accounting, production, and service departments also benefit through economical MULTIGRAPH production of stationery, office, and factory forms.

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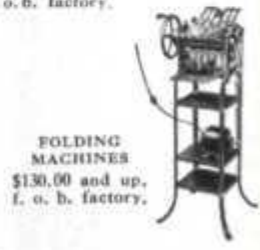
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CLASS 5200 DUPLIGRAPH
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FOLDING MACHINES
\$130.00 and up, f. o. b. factory.

This booklet explains how MULTIGRAPH can help you increase sales. Your copy will be sent upon request.



This joint arrangement between you and your employees will assure them guaranteed incomes at retirement age

Metropolitan Life Insurance affords a means to

- create estates and incomes for families
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- provide income in the event of retirement
- provide income on account of disability resulting from personal accident or sickness
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering sickness, accident, old age and death.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.



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MANY companies have gone a long way toward taking the "You's" and "I's" out of their businesses and substituting "We's."

You can quickly tell whether the rank and file of a business organization are disturbed by distrust and anxiety or are filled with the confident "We" spirit.

With mass production has come mass protection. Men work better when they are assured of fixed weekly incomes in event of being disabled by sickness or accident, and provision for their families in case of death.

Employees who can look forward to comfortable retirement

incomes that they themselves have helped to build up are "We" men through and through.

In the United States and Canada there are tens of thousands of such "We" men and women who have already attained or are approaching their own economic independence. At their retirement age, even without other resources, they will have a regular, fixed income for life.

If you would like to know how these men and women are enabled to retire with definite incomes guaranteed, find out about the newly-developed Cooperative Retirement Plans.

For details of such Plans, or insurance policies in any amount, consult a Metropolitan Field-Man or write

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business

Three Cities Beat Unemployment



PITTSBURGH, PA.

ONE MILLION CANS of fruit and vegetables will be distributed to the poor of the Pittsburgh district this winter if the Surplus for Needy Committee reaches the goal it has set for itself.

The whole-hearted cooperation which farmers, the city government, the Commonwealth of Pennsylvania, and the people of the district are giving the effort indicates that the goal will be reached.

The fruits and vegetables are canned in a modern plant, donated for the Committee's use, and capable of turning out from 10,000 to 20,000 cans a day depending on the product. The produce used is that which farmers have found it impossible or unprofitable to harvest and which otherwise would rot in the fields.

State highway patrolmen and members of the state police locate these surplus crops and pass their information on to the Committee's office.

Trucks donated for the project by the City of Pittsburgh, the University of Pittsburgh R.O.T.C. and corporations and individuals call for the produce. If necessary, helpers on the trucks help harvest the crops.

The project is related to the Helping Hand, another local charitable organization, chiefly through its personnel. Inmates of the Helping Hand, an institution for homeless unemployed men, have volunteered their services for the Surplus for Needy Committee.

They operate the canning plant and the trucks with no pay except a bit better food, more tobacco and first pick of the cast-off clothing that comes to their institution.

The white collar force includes the director, J. F. Quick, who receives no pay; a stenographer, and two recent college

LAST month Ralph Bradford summarized some of the steps communities have taken to meet local unemployment. Here are some others. If your town has not yet agreed on a plan, perhaps one of these is adapted to your needs

graduates who work without pay while trying to obtain other positions.

The plan's only outlay is for food for the laborers, sugar, spices, coal, and repair parts. This expense constitutes a problem, but donations keep coming in. As a result thousands of cans of plum, apple, peach and pear butter, and tomato and vegetable soup have been produced at a

cost of slightly less than two cents a can. These will be distributed to the needy through the city's welfare organizations.

FREDONIA, KAN.

ALL CHARITABLE organizations in Fredonia are working through the Commercial Club in solving the community's unemployment problem. This unity gives the organization a complete record of every unemployed man, where he lives and the number in his family. It simplifies the weeding out of floaters, who are given one meal and sent out of town. Several grocers also are cooperating in the plan by supplying basic groceries at actual cost. They have made up a number of grocer combinations which they are selling to the Commercial Club at one dollar each.

A thorough canvass was made and every employed man, as well as every business and professional man, was asked to contribute a definite amount each week for the next six or eight months. Contributions as small as 25 cents were accepted.

For each dollar given to the fund the contributor is entitled to one day's services by an unemployed man—with the limitation that the work done shall not be of a sort requiring skilled labor or something that should be done by men already employed. If the contributor has no employment

to offer, the committee is authorized to give the man employment elsewhere.

For each day's labor, the unemployed man is given a one dollar unit of groceries, and the Commercial Club pays the grocer out of the contributed funds.

The town is also planning to clean up and grade the alleys, and do considerable work on the city park and cemeteries. With these projects it is hoped to give each unemployed man two days' work each week.

To provide fuel the committee has made arrangements with farmers



Of course.
we can do it!

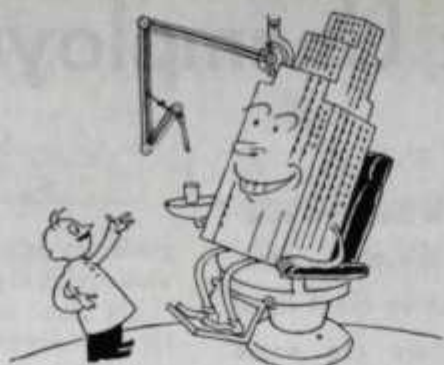
GIVE
to your local welfare and
unemployment relief funds

THE PRESIDENT'S ORGANIZATION
ON UNEMPLOYMENT RELIEF

WILLIAM C. CROFT
DIRECTOR

COMMITTEE ON MOBILIZATION
OF RELIEF RESOURCES

This billboard panel, part of the Hoover Committee's publicity campaign to aid the jobless, is made possible by cooperation and donated materials



DOESN'T HURT A BIT!

THE CONTRACTOR calls it "tuck-pointing," but to us it seems more like drilling out a cavity 521 miles long and filling it with nice new cement. . . . Dampness was creeping through the mortar in the brick walls of one of the world's biggest buildings (somewhere in the Middle West)—marrying the fine interior so fast that the owners feared the worst unless they could get speed and more speed in sealing the crevices. But cleaning the grooves between the bricks came first. Hand labor was tried. Hopeless! Then the canny contractor rallied a battery of sixty rotary grooving saws powered by R&M Motors . . . and now the drilling and filling of the 521-mile cavity is speeding to a happy ending—at a saving expected to reach a useful \$74,000.

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FANS, MOTORS, HAND AND ELECTRIC HOISTS AND CRANES

having standing timber. Men will be sent to cut down this timber, donated trucks will haul it to a municipal wood lot where unemployed may cut it into stove lengths as they need it and carry it to their homes. In addition, used clothing and bedding has been collected and the women of the town are sorting and repairing it for distribution. A shoemaker has volunteered to repair cast-off shoes if the committee will pay for materials. Women of the town have canned several hundred jars of fruits and vegetables for distribution.

GRAND RAPIDS, MICH.

EVERY able-bodied unemployed man in Grand Rapids who needs assistance is working under a system which enables him to get along satisfactorily without losing his self-respect. These men, some 2,000 of them, are creating a new park, widening and extending streets, building new sidewalks, rounding off street corners, laying water mains and sewer lines, welding axes for the city wood pile, filling in city lots, painting city buildings and making other improvements which have been shelved in the past because of the expense—most of which was for labor.

Already these men have razed the buildings on the site for a new municipal auditorium and have constructed a municipal swimming pool.

Men given jobs by the city are paid 40 cents an hour, most of their remuneration being in scrip—paper money good only for trade at the city's store. The scrip plan was adopted largely because it simplified the transference of food and clothing to workmen and lessened the danger of mispending and fraud.

At first the merchants felt that the establishment of a city store was discriminatory but, having seen the plan operate, they have changed their opinions. Men work only in half-day shifts, the amount of work given the individual depending on his needs.

Every man who asks assistance from the city is given a thorough medical examination to determine whether he is able to work and whether he is fit for heavy or light duty. Those who have lived in Grand Rapids a year or more are eligible.

Finances for relief work are obtained through bond issues based on a special assessment of one-fourth of one per cent of the assessed property valuation. This eliminates the guess work that goes with voluntary contributions. The plan has been operating since December, 1929.

LUCKY STRIKE CIGARETTES

in the unique Humidor Package
with the "Lucky Tab"



Wrapped on
our machines

THE impressive battery of Cellophane wrapping machines shown here is only part of a large number in the service of The American Tobacco Company.

Hour after hour, day after day, these machines are driven at top speed to turn out the millions of packages of Lucky Strikes which the world demands. Rapid, smooth, dependable production is essential.

But of equal importance, from a sales angle, is the uniformly neat, smooth wrapping which these machines produce. It required intensive research and experimentation to perfect wrapping machines which could handle Cellophane satisfactorily—due to the unusual characteristics of this most modern of wrapping materials. This problem, like many other problems in packaging, was solved by Package Machinery Company engineers.

The wide-spread use of Cellophane also demanded that we meet the individual characteristics of a large variety of products—today, cigars, candy, cake, marshmallows, mints, sewing tape, etc. are all wrapped on our machines.

Bring your packaging problems to us

Our machines are adapted to the use of all forms of packaging material—printed wrappers, foil, Cellophane, glassine, waxed paper. We will be glad to advise you regarding the best manner in which to package your particular product. Consult us.

PACKAGE MACHINERY COMPANY

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Over 150 Million Packages per day are wrapped on our Machines

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**Quaker Oats
Uses AWA
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to Give Better Service
—and so can you!**

IN 126 cities of the United States, Canada, Cuba and Hawaii, member warehouses of the American Warehousemen's Association can do everything for you that your own branch house could do in the physical distribution of your goods. And they can do it for less money than it would cost you to operate a branch in any of those cities!

The manufacturers who are most successfully weathering the depression are those who distribute their goods efficiently and economically through public merchandise warehouses. They give their trade immediate delivery from strategically placed spot stocks. "We use public warehouses to a considerable extent in the larger distributing centers of the country," says C. A. Bowman, vice-president in charge of cereal sales for The Quaker Oats Company. "This warehousing is done not alone with the idea of saving money—but in all cases to give better service in the distribution of our products, where emergency needs are required by the distributors."

To make money these days, manufacturers must successfully maintain closer contacts with their retail trade. Dealers everywhere have been forced to hold more stocks to a minimum, relying on prompt delivery from the manufacturer's organization to supply needed goods. If the manufacturer can't deliver... the business goes to a competitor. The solution is to distribute your merchandise—raw materials, manufactured articles and service parts of every kind—through strategically located AWA Warehouses.

✓ WRITE FOR FREE BOOK

Full details of the AWA Plan of Distribution are described in our 32-page booklet: "Increasing Your Sales Through the Use of AWA Warehouses." Have your secretary write today for your copy.



**AMERICAN
WAREHOUSEMEN'S
ASSOCIATION**

1957 Adams-Franklin Bldg., Chicago, Ill.

When writing please mention Nation's Business

The Man in the Blue Serge Suit

(Continued from page 24)

its from direct face to face contact with the buyer instead of dealing with him through an intermediary commission man.

In this way the small mills can often put their goods on the table before the big mills have finished corresponding with their field representatives.

For this reason many of the small mills have been able to make money in spite of the lowered levels in the wool business. It may be that in the future the large organizations will take over the long run business on standard patterns and the small mills will devote themselves to the new fabrics which the optimists believe will bring prosperity back where it belongs. But before this can be accomplished, Mr. Eavenson and those who think with him insist that there must be cooperation in research and promotion.

"Wool men as a whole have never cooperated yet," said he.

Wool growers have cooperated

IT IS the manufacturer and those who follow him who have been unable to get together. The wool grower is the most scientific wool grower in the world, perhaps. The Government has educated him. He has the advantage of cooperative associations backed by the millions of the United States Farm Board. They did not save the price of wool, of course, in the face of world conditions and a disorganized industry at home.

But if that extra 5.38 annual ounces of wool can be sold to us, the wool prices will be saved again. Through the various processes of dealing and cleaning and carbonizing complete efficiency is found. Wool must pass through many hands on its way to the loom and each hand should have a little profit, but the total cost of preparation is not great. Then the product comes to that vast rank of mills, almost one-half idle according to government figures, backed by millions of dollars, managed by men who feel they must get some business, if only to keep the machinery from rusting out.

Unrestrained competition follows. Bankruptcies have followed also.

"To the extent," states an authority, "that if new uses and fabrics cannot be developed in wool piece goods, definite relief from the pressure of excess

capacity must be sought in scrapping and machine obsolescence. Facts are needed as to how fast the reduction of excess loomage is being accomplished and without such facts periodically available both individual and industry planning would seem needlessly handicapped."

The optimists of the wool industry are not frightened by the future. Worried perhaps, but not frightened. They haven't time to be. For they are working to devise ways of selling each of us that less than six ounces of wool each year that will make the industry hale and hearty again.

Even as this is written a conference of "best minds" in the industry is meeting in Washington to consider the advisability of launching a national "Wool Week" along the lines which have recently proved so successful in England, Australia and other countries. Another step in the effort to make us wool conscious (a step suggested and being pushed through, by the way, by the Eavenson & Levering Co., who stand to make no direct profit from it themselves) is a movement to make 1931 a "Wish It With Wool" Christmas in the industry.

Yes, there are rumblings and mutterings and occasional flashes which indicate that something may be about to happen in the American branch of the second oldest industry known to mankind. There are many who are no longer content to sit by a lighted window and wait for the man in blue serge to come back home.

They are in favor of going out and bringing him back—then selling him a suit of another texture and color.

Early Industrial Captain

IN THE first half of the nineteenth century Peter Cooper, who at the age of seventeen was apprenticed to a coach builder in New York, made himself the world's first big captain of industry. He designed and constructed the first steam locomotive built in America, rolled the first iron rails for railroads, made the first beams for use in fire-proof buildings, took a big part in laying the first trans-Atlantic cable, and labored mightily and spent freely in the cause of education.—J. H.

BUILDERS of HOOVER DAM Select INTERNATIONAL TRUCKS

"Six Companies Inc.," Builders of Greatest Engineering Project Since the Panama Canal, Place Large Order Exclusively with International Harvester

HOOPER DAM is under way. The great Boulder Canyon project of the United States Government which has long made news for a nation now advances into construction stages.

And as action begins on the mighty Colorado, comes a news item of vital interest to the construction industry and to the automotive world. Six Companies Inc., of San Francisco, a combination of six leading western contractors which is to build Hoover Dam under a bid of \$48,890,999, has standardized on International Trucks as qualified above all others to bear the heavy hauling responsibilities in their contract.

The full meaning of this decision—the extent of the honor paid to International performance and service—can be appreciated only when measured against the immensity of the project itself.

The Job—

Space does not permit going into the details of the Hoover Dam project. They have long been matters of public record. Suffice it here to say that the plan encompasses flood control and general river regulation, irrigation, silt control, power development and domestic water supply affecting a large part of the Southwest. The entire enterprise involves an appropriation of \$165,000,000 and includes many auxiliary developments of great magnitude in addition to the dam itself.

The dam will fill the gigantic chasm of the Colorado River to a height of about 730 feet above the foundations. It will be one-eighth of a mile thick at the base, will contain about 3,400,000 cubic yards of concrete, and will impound 30,500,000 acre-feet of water in an area vastly greater than Gatun Lake at the Panama Canal. Millions of yards of rock and earth must be removed; millions of tons of building material must be hauled. Employment will be given to thousands of men, the work



One of the International heavy-duty trucks working at Hoover Dam. The open hood is expressive of the intense heat in the canyon, rising as high as 128 degrees. The boulder-proof armored cab is further evidence of conditions encountered. Note, at right of shovel, the entrance to an auxiliary tunnel used in construction of the great diversion tunnels that will extend three miles through solid rock.

extending over a period of six to seven years.

Today the canyon hums with intense activity. "Boulder City" is springing into being like a magic town of gold or oil. Railways and highways are being built. Modern engineering genius is mobilizing to conquer problems that stagger the imagination. Already work has begun on four great diversion tunnels each 50 feet in diameter and nearly a mile long, to be driven through the solid rock of the canyon walls. These channels alone involve the hauling of nearly a million truck loads.

—and the Trucks

In such a setting, with mountains to be moved under such conditions, trucks will have their work cut out for them. Six Companies Inc., guided by years of experience in heavy-duty



Hoover Dam as it will look on completion, towering 730 feet above foundation rock, with power houses on both banks of the river. The dam will be nearly 1200 feet long, 45 feet thick at the top, and 650 feet thick at the base. This barrier will form a reservoir 115 miles in length with a shore line of 550 miles and an area of 227 square miles, the largest artificial lake in the world.

hauling, is banking on Internationals. The fine performance of Internationals in the service of the first sub-contractors on work in the canyon only made the choice the easier. Scores of International Trucks are now in process of delivery at the site. The first fleets have long been on the job, rugged, capable, and economical—admired alike by the engineers, the drivers and the shovelmen who know full well how good each truck must be to stand the gaff.

International Harvester is proud to have Internationals selected for work on Hoover Dam. The news from Boulder Canyon is of great practical value to buyers of trucks everywhere. It provides another chapter of evidence contributing to the high reputation of International Trucks.



Front of dam will rise just beyond foot bridge shown here. Hoover Dam will be higher than any dam now existing and the construction will require 5,500,000 barrels of cement and nearly 60,000 tons of steel and other metals.



INTERNATIONAL HARVESTER COMPANY
606 S. Michigan Ave. OF AMERICA
(INCORPORATED) Chicago, Ill.



YOUR DAILY DOSE OF DIRT

A teaspoonful of dirt—dirt that is full of bacteria, epidemic germs, decayed animal and vegetable matter—is inhaled by the average city dweller every 24 hours. No wonder 60% more people die of diseases caused by contaminated air than from all others!

Your property as well as yourself suffers from its daily dose of dirt. Dust plays havoc throughout the fields of business and industry, causing depreciation in machinery and product, running up costs in upkeep and employee health.

But, today, leading industrial plants and public and private buildings have called a halt. American Air Filters, in a wide variety of units, are protecting engines, compressors and electrical machinery from the dust that necessitates shutdowns and costly repairs. They are making it possible for food and drug manufacturers to insure the hygienic purity of their products. They are reclaiming valuable dust in manufacturing plants. They are safeguarding health and furnishings in schools, theatres, hotels and hospitals. Even in the home, the small *Airgard* is ridding the air of pollens that cause hay-fever, germs that spread epidemic diseases, dust and soot, banning noise and reducing cleaning costs.

American Air Filters will solve the dust problem in your business or building. Write today for a free copy of *The Air You Breathe*, the latest chapter in the story of polluted air.

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Consult your telephone directory for local address
IN CANADA, MIDWEST CANADA LTD., MONTREAL

AMERICAN
AIR
FILTERS

What Business May Expect of Congress

(Continued from page 20)

prior normal position but it was impossible to get unanimous cooperation.

It is taken for granted that, in spite of circumstantial reports as to President Hoover's alleged attitude, there will be no liberalization of the Volstead Act.

Veto expected on bonus

PRESIDENT Hoover's opposition to increasing the borrowing value of war service bonus certificates has been immeasurably strengthened by the refusal of the American Legion in its recent annual convention to act on the subject. A determined effort will be made, however, to pass a bill to increase the borrowing power of these certificates to the full value they will achieve on maturity in 1945. The possibility exists that such legislation will be passed but confidence is felt that the inevitable presidential veto would not be overturned.

Extension of the authority of the Federal Power Commission and a plan backed by the Progressive group of the Senate for drastic regulation of public utilities will provide animated debate but there is no indication as to how such proposals will eventuate. The Commission which has been studying the Muscle Shoals situation will submit to the President its conclusions as to how this great Government power plant should be conducted in future, but legislation may not be required unless the commission's recommendations contemplate measures which would again bring to the front the issue of governmental competition with private industry.

Among other proposals to be brought forward for consideration by Congress is Postmaster General Brown's recommendation for an increase of one cent an ounce in first class postage. Linked with this in some measure will be an expected attack on the mail subvention features of the Jones-White law.

Most of these subjects have an immediate public interest but, in spite of widespread desire for legislation concerning some of them and intense agitation of determined groups in behalf of others, the opinion persists among a considerable segment of the congressional world that general legislation of the coming Congress will be confined to outstanding proposals for counteracting the evil effects of the economic depression and strengthening the weakened finances of the Government.

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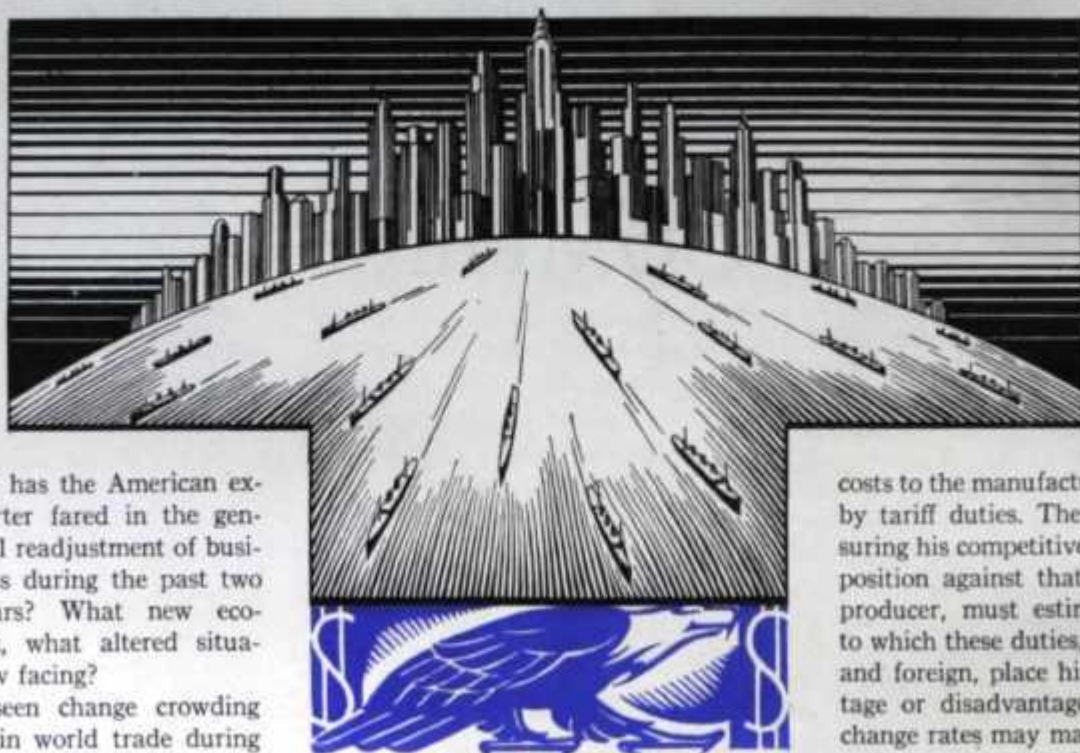
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New Things the Exporter Faces



HOW has the American exporter fared in the general readjustment of business during the past two years? What new economic factors, what altered situations is he now facing?

We have seen change crowding upon change in world trade during the depression period. Our competitive position has altered. New tariffs and a rising spirit of nationalism have had their effects. International economic federations have been bruited. Socialized state industry has come into trade competition with capitalistic countries. Political changes have been numerous. Our markets in the so-called "one-crop countries" have been disturbed. The development of branch plants abroad has brought new problems and new opportunities. Our invisible exports and imports have taken on a new significance.

And more recently the depreciated pound sterling has made exporting to the British market more difficult. And, further, it has given the British exporter, temporarily at least, an edge on his American competitor in third markets.

The exporter's competitive position, like that of the corner grocer's, depends in large measure on the selling price of his goods. That selling price, for the exporter, is usually determined by his cost of materials, cost of labor, overhead and general expense, cost of selling, cost of transportation, cost of financing, and tariffs.

The past two years have seen sharp declines in the first of these costs, that of raw materials. Raw cotton sold at 19



By E. L. BACHER

Manager, Foreign Commerce Department
United States Chamber of Commerce

DECORATION BY A. HELWIG



ALTHOUGH Mr. Bacher was writing primarily for those doing an export business, this article will be equally interesting to those operating on a smaller scale. World trade conditions are reflected in neighborhood markets and the problems resulting are similar

cents in September, 1929; in September, 1931, it sold at 6 cents. Crude rubber fell from 20 to five cents in the same period; raw silk from \$5.00 to \$2.32; and so on. The exporter, taking account today of his international position, must weigh these changes in relation not only to his own prices but to those of his foreign competitors.

In some cases these raw-material

costs to the manufacturer are affected by tariff duties. The exporter, measuring his competitive manufacturing position against that of the foreign producer, must estimate the extent to which these duties, both American and foreign, place him at an advantage or disadvantage. Similarly exchange rates may make his imported raw materials relatively cheaper or dearer.

As regards wage rates, it is significant that the index number of union-wage rates, according to the Department of Labor, shows a steady increase in wages per hour from 1922 to 1930. That index number, taking 1913 as 100, shows the rate in 1928 as 260.6; in 1930 as 272.1.

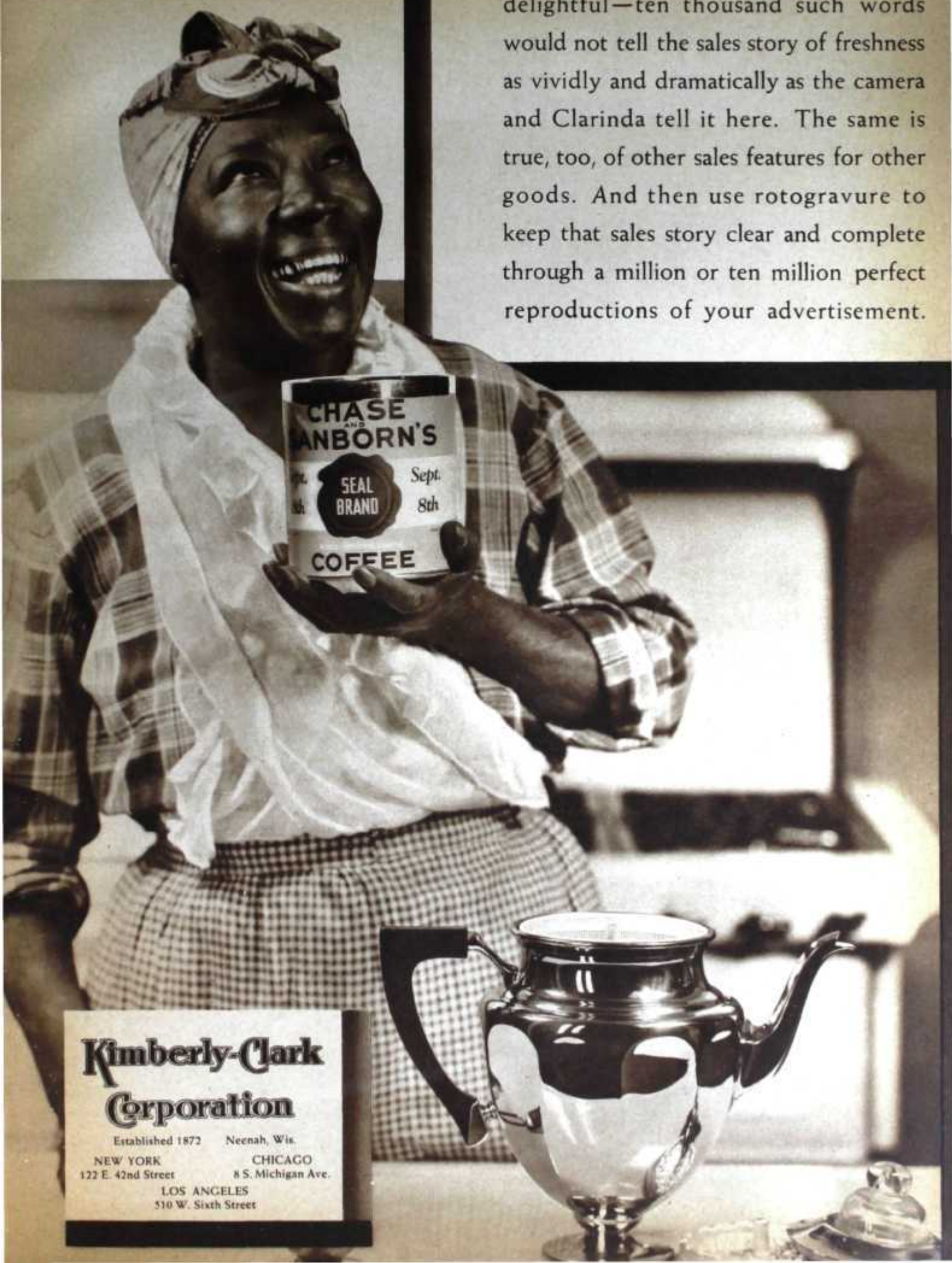
Cutting down costs

CERTAIN wage decreases have been put into effect in the United States during this period. In some European countries wage scales were revised downward in advance of the American decreases. Of course, a decrease in a foreign wage level without a corresponding decrease in the American wage level need not necessarily worry the American manufacturer. The ratio of labor cost to total cost in the two countries may be totally different. Low wages do not necessarily mean low costs.

In many American industries during 1930-31 efforts were made to reduce overhead. Executive salaries were reduced. Expense represented by branch warehouses and other distributing mechanism overseas was whittled down. Overhead and general expense have been reduced to the new compass dictated by

Freshness

Don't rely on words alone to describe qualities of your goods. Fresh, savory, delightful—ten thousand such words would not tell the sales story of freshness as vividly and dramatically as the camera and Clarinda tell it here. The same is true, too, of other sales features for other goods. And then use rotogravure to keep that sales story clear and complete through a million or ten million perfect reproductions of your advertisement.



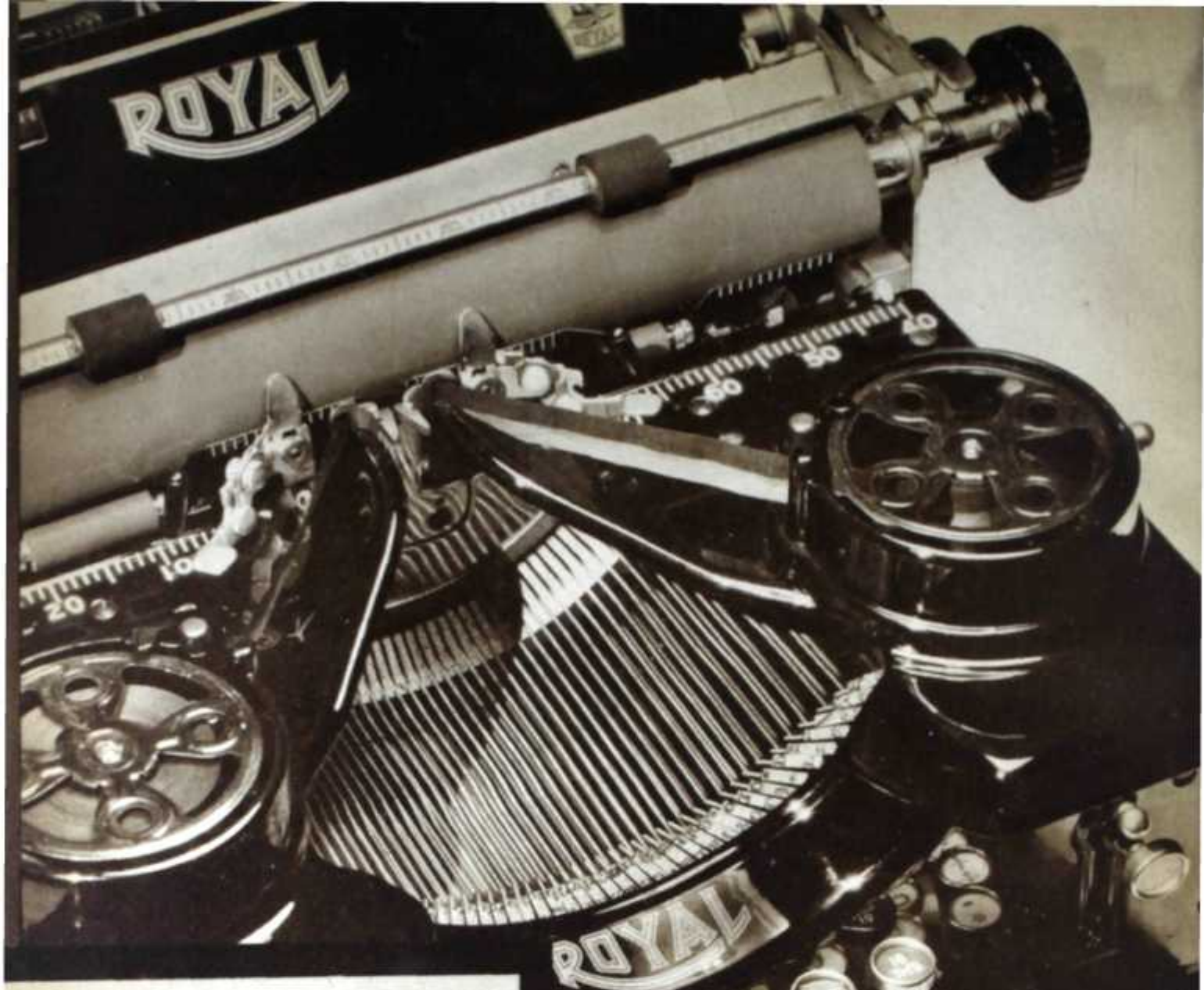
**Kimberly-Clark
Corporation**

Established 1872 Neenah, Wis.

NEW YORK
122 E. 42nd Street

CHICAGO
8 S. Michigan Ave.

LOS ANGELES
510 W. Sixth Street



Mechanism

Words fail to describe mechanical devices, completely, clearly, and quickly. Words yield more and more to reproductions of photographs by roto-gravure in publication advertising, in catalogs, in direct mail pieces, in package enclosures. In the development of roto-gravure and pictorial advertising Kimberly-Clark Corporation has played an important part by producing papers perfectly satisfactory for every type of roto-gravure printing. For black and white and for fine color printing as well. Use roto-gravure and picture to dramatize your sales appeal. They sell goods.



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necessity. As between the foreign and the American, the greater room for such shrinkage was undoubtedly ours.

In certain industries, European producers have been endeavoring by combinations and by cartels to govern prices and trade allotment and to approach the economies which in the United States have been largely the result of skillful large-scale production. To the extent that such foreign cooperation raised prices, it made American selling abroad easier. To the extent that it reduced foreign per unit cost, it increased our competitive handicap.

Our altered competitive position also centered somewhat around the question of credit extension. European governments have supported schemes for guaranteeing credit extensions of exporters. In the United States exporters have had to rely on our banking institutions. And shifting exchange values and embargoes on money transfers have added to the financing burdens during the year.

Lower ocean transportation

IN GENERAL, ocean freight rates decreased in 1930-31. To the exporter of bulky, low-priced products such decreases represent a relative advantage. Studies of ocean rates on individual products from United States and foreign ports to the same destination may reveal opportunities for inducing American shipping lines to give the American exporter a more "competitive" rate on freight.

Following the War the depreciated German mark and French franc worried our exporters. To-day, a depreciated pound sterling gives them concern. A 20 per cent depreciation in the pound would give the British exporter a 20 per cent edge on the American exporter. That is, it would if British wages, British-used raw materials and other elements in final cost were not eventually adjusted to the new world value of the pound. Until such adjustment occurs the depreciated pound will stimulate British exports. And it will make American competition with British goods in the British market more difficult. The reaction of the Canadian dollar, in sympathy with the pound, has similarly affected our competitive position in relation to Canadian products.

The American exporting manufacturer has one great advantage. He has the largest domestic market in the world. Here he finds normally the great demand which permits him, even with higher wages, to produce merchandise at a unit cost sufficiently low to meet



A DECISION MUST BE MADE

TODAY, IN MANY COMPANIES, men are gathered together who, from facts, figures, and experience will decide the plans of their respective companies. They will make plans for the immediate and for the distant future. Before them are problems demanding broad experience in technical engineering matters and also in fundamental economics. Production, power requirements, expansion, reorganization and adjustments are uppermost in the business minds of today.

If you are one of these, we can help you. The value of our reports and appraisals has been proved again and again by corporations with problems of wide diversity. You can discuss your needs with us with utmost confidence. It will take only a short time for a preliminary talk. One of our officers will be glad to call. In writing, please address our New York Office, 90 Broad Street.

STONE & WEBSTER ENGINEERING CORPORATION

A SUBSIDIARY OF STONE & WEBSTER, INCORPORATED

The Famed



DIRECT
NAME
SYSTEM
of
FILING



Greater Filing Accuracy Better Finding Speed..

This is "Transfer Time", the correct time to bring your Filing System up-to-date. Now is the time to speed office routine and save money by installing the "Y and E" Direct Name System of Filing. Simplest, most accurate system of filing ever devised. Based on the scientific study of millions of names, and backed by our more than half century of experience. Logical, modern, easy-to-operate.

The "Y and E" Direct Name System of Filing is applicable to every business office from the largest to the smallest. In every case, it gives the same instant filing and finding service, the same increased efficiency.



Ask your "Y and E" Man to show you valuable savings in your filing and transfer methods. He is an expert, yet his services cost you nothing.

TRANSFER REGULARLY

When you use "Y and E" Transfer Equipment you economize in office equipment and reduce your cost of doing business.

YAWMAN AND ERBE MFG. CO.

1228 JAY STREET ** ROCHESTER, NEW YORK

Export Department: 368 Broadway, New York, N. Y., U. S. A.

Steel and Wood Filing Cabinets . . . Steel Desks . . . Steel Shelving . . . Safes . . . Office Systems and Supplies . . . Visible Index Equipment . . . Bank and Library Equipment

world competition. In that market improvements and inventions can be tried out economically, even at a considerable outlay of money.

Another important factor in the selling price abroad of the exporter's finished goods, tariffs, has shown a continued upward trend—and this in the face of the declaration of the World Economic Conference in 1927 that "the time has come to put an end to the increase in tariffs and to move in the opposite direction."

It is the principle invoked in the establishment of these new tariffs, rather than their level, that is of prime importance, however. Many tariffs put into effect during 1930-31 were aimed largely at conserving, during a period of recession, business which products of foreign manufacture threatened to take away. To the exporters of all countries existing tariffs are a serious hurdle and pending tariff legislation is a constant Damoclean sword.

Tariffs slow down trade

OUR own 1930 Tariff Act conjured up a psychological hazard in the form of national animosity. It is not feasible accurately to determine to what extent anti-American-tariff feeling abroad has influenced or increased duties on characteristic American products. The resort to tariffs in an effort to preserve domestic prosperity has been so widespread that it would be unfair to blame the 1930 Tariff Act for all world tariff developments since June 17, 1930. But foreign dislike of the Act has undoubtedly impeded the work of our export salesmen.

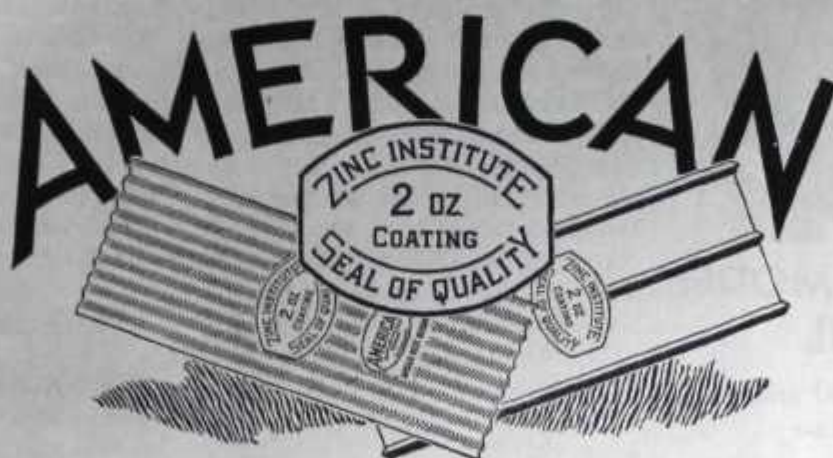
The American exporter has also run into the troublesome question of licenses, quotas and other restrictions. A foreign government may protest that its quota is applied equally to all countries. If by "equally" it means the same numerical quota, the allotment may be very unfair; suppose for example, Finland and the United States were granted the same allotment of automobiles for import. It would be much better, from the point of international trade, if quotas could be eliminated altogether. If, however, they are to be kept they should be equitable rather than equal.

An effort to remove many of the licenses, prohibitions and quotas carried over from the World War was made in the International Convention for the Abolition of Import and Export Prohibitions and Restrictions, drawn up in 1928 and signed and ratified by the United States. Complications between Poland and Germany have

"FOREMOST FOR MORE THAN FIFTY YEARS"

When writing to YAWMAN & ERBE MFG. Co. please mention Nation's Business

STEEL SHEETS



HEAVILY COATED Galvanized Specially Manufactured for Steel Roofing and Siding



THE growing demand for heavily coated galvanized roofing and siding has resulted in this Company's manufacturing Corrugated and V-cripped Galvanized Sheets with TWO OUNCES of zinc coating per square foot—at least TWO-THIRDS MORE than the regular grade. This means longer life for comparatively little extra cost.

DOUBLE ASSURANCE of protection and service may be had by the use of this new product, as all the sheets are branded with the American Zinc Institute's "Seal of Quality" and the well-known APOLLO Best Bloom brand.

FURNISHED IN No. 28 GAUGE AND HEAVIER.

Send for special circular on above described Seal of Quality Heavily Coated Galvanized Sheets. AMERICAN products are highest quality—and are adapted to all known sheet metal purposes. Supplied in Black and Galvanized Sheets, Keystone Rust Resisting Copper Steel Sheets, Formed Roofing and Siding Products,

Sheets for Special Purposes, Tin and Terne Plates, and USS Stainless and Heat Resisting Steel Sheets and Light Plates. Write for full information relative to particular sheet metal requirements in industry and construction. AMERICAN products are sold by leading metal merchants. Send for literature and weight cards.



American Sheet and Tin Plate Company

GENERAL OFFICES: Frick Building, PITTSBURGH, PA.

SUBSIDIARY OF UNITED STATES STEEL CORPORATION



AMERICAN BRIDGE COMPANY
AMERICAN SHEET AND TIN PLATE COMPANY
AMERICAN STEEL AND WIRE COMPANY
CARNEGIE STEEL COMPANY

PRINCIPAL SUBSIDIARY
COLUMBIA STEEL COMPANY
CYCLONE FENCE COMPANY
ILLINOIS STEEL COMPANY



MANUFACTURING COMPANIES:
FEDERAL SHIPB'LDG. & DRY DOCK CO.
MINNESOTA STEEL COMPANY
NATIONAL TUBE COMPANY

OIL WELL SUPPLY COMPANY
THE LORAIN STEEL COMPANY
TENNESSEE COAL, IRON & RAILROAD CO.
UNIVERSAL ATLAS CEMENT COMPANY

Pacific Coast Distributors—Columbia Steel Company, Russ Bldg., San Francisco, Calif.

Export Distributors—United States Steel Products Company, 30 Church St., New York, N. Y.

The most important equipment in any place of business after closing hours is the system that checks the watchman



DETEX NEW MODEL PATROL

It can count up to 100 and even write your name

Because of its unique recording mechanism, the Detex New Model Patrol offers many advantages found in no other portable watchman's clock.

It will register any number of stations in sequence. On reaching 100, die changes can be effected to carry on to additional hundreds. Or it will register combinations of numerals or letters, or both, as desired. It is the only clock that registers numbers above "9" as complete numerals, a feature that saves considerable time when a number of clocks are to be checked.

Unlimited in capacity, interchangeable to the fullest degree, a maker of records that are unalterable, it offers decided advantages in the plant where a number of watchmen are employed. It offers decided advantages to any plant interested in the fullness and completeness of the record of safeguard of the plant—the most important activity in a plant during the hours it is closed.

Send for complete information

DETEX WATCHCLOCK CORPORATION

4153 Ravenswood Avenue, Chicago, Ill.
29 Beach St., Boston 80 Varick St., N. Y.
Room 800, 116 Marietta St., Atlanta

Manufacturing

NEWMAN - ALERT - PATROL
ECO WATCHMAN'S CLOCKS

Approved by the Underwriters' Laboratories, Inc.
and the Factory Mutuals Laboratory

NEW MODEL DETEX

Representatives in all large cities in America and abroad

DETEX WATCHCLOCK CORP.
4153 Ravenswood Ave., Chicago, Ill.
Send me information on the new model Detex
Patrol Watchman's Clock.

Name.....

Address.....

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N.B. 12

kept this Convention from becoming widely effective, but it may eventually remove a number of the obstacles which exporters face.

Not the least of the exporter's troubles have been local taxes, arbitrary customs valuations and other types of indirect protection which often in fact, and, I suspect, in purpose, fall most heavily on characteristic American products.

Some of these restrictions, for European exporters at least, would be removed under the talked of economic federation of Europe. Undoubtedly this would make available larger unrestricted markets and thereby accord the economies of mass production to the more efficient industries. The road to a Pan-European federation, however, is long, obstructed by difference in language, social and political ideals and basic economic thought. But even though such a federation is not established regional economic agreements, such as were concluded in December, 1930, by Belgium, Denmark, Luxembourg, the Netherlands, Norway, and Sweden are likely.

Some hold that these federations would restore prosperity throughout large areas of Europe, thereby creating better markets for American products. Others argue that tariff concessions granted one another by the negotiating nations would not be granted the United States, even though we might have most-favored-nation agreements with the negotiators.

Competing with Empire trade

IF A wider market enabled European industries to lower their costs, our export trade would be handicapped to that degree. As for the much-discussed closer economic federation of the British Empire, American export trade has long been competing against Empire preferences. Our success in that direction may be gauged by the fact that we have developed an export trade to the various parts of the British Empire which totaled in 1930 some \$1,625,298,000, or 42 per cent of our total export trade.

In thinking of international economic federations, however, we must not overlook what might be called our own "empire." In Alaska, Hawaii, Philippine Islands, Porto Rico, Virgin Islands, Guam, American Samoa, and the Panama Canal Zone we have a territory of more than 700,000 square miles with a population of more than 14 million which, in 1930, purchased \$254,373,000 worth of products from continental United States.

Competition from socialized state in-

dustry, another of the factors affecting foreign trade, has commanded widespread attention. In Soviet Russia a number of American exporters have found a considerable market. In appraising the safety of credits extended to the Soviet, those exporters are obliged to ponder unfavorable factors such as general anticommunist sentiment, disapproval of Russian forced selling of her export products on world markets, and application of embargoes on Russian shipments to the United States.

American exporters in some lines point to Soviet competition abroad as a serious factor. The penetration of Soviet products into certain European and Far Eastern markets is cited as having brought ruinous competition and loss of considerable trade.

Politics has disturbed business

TURNING now to world politics, it has been amply demonstrated in recent months that political uncertainty and economic stability do not go hand in hand. We have seen several revolutions in South America. From the exporter's point of view it spells progress that we are looking back at these political changes and not forward to them. In the Far East we have seen a continuance of the internal political maladies of China and India, but the period has not been one of retrogression, but rather of constructive advance. These two nations, as key markets in Europe's export trade, are particularly important in the economic scheme.

The experience of the past year likewise has spotlighted the instability of "one-crop" countries as consumers of American merchandise. The drop in commodity prices diminished the purchasing power of many "few-product" countries and cut American export trade. Today American exporters are watching world commodity prices with more concern than ever before.

Better coffee prices, for example, would vastly increase the buying power of Brazil, Salvador, Colombia, Haiti, Guatemala, and Costa Rica, countries which depend upon coffee for 60 per cent or more of their export activity. Cuba and Java depend chiefly on sugar. British Malaya and the Dutch East Indies rely to a substantial extent upon rubber prices for their prosperity. Japan and China look to silk; Honduras and Panama to bananas; Chile to nitrate of soda; and Ecuador and British West Africa to cocoa beans.

Branch-plant development in foreign countries, another factor in the export



PRESWOOD

REG. TRADE MARK

works with Santa Claus

Countless homes will be brightened this Christmas with gifts that Masonite Presdwood helped make...beautiful, durable gifts that come from factories all over the world.

The makers of these articles are Presdwood enthusiasts. Naturally! Presdwood is bettering their products, cutting their costs, speeding up their production. Articles such as those shown on the right, and many others, are being made of Presdwood with great success.

The men at your presses, planers, drills and saws will take kindly to these modern industrial boards. So will the machines themselves—and the men who work with

hand tools. You'll have little concern over waste and rejections, for Presdwood is rigidly graded at the mill.

Get acquainted with Presdwood, the smooth, grainless, water-resisting board that doesn't crack, chip, split, splinter or warp. Use it in your factory. The free Presdwood booklet will give you the complete story. Write for your copy today, or consult your lumber dealer.

Masonite

PRESWOOD

STRUCTURAL INSULATION INSULATING LATH
QUARTERBOARD FASHIONED FLOORING
"Made in Mississippi"



Presdwood makes an ideal bed for juvenile billiard tables, says the Brunswick-Balke-Collender Co., Chicago



Toys made by "Play-Shool", Inc., Milwaukee, Wis., are better because they're made of Presdwood



Presdwood serves perfectly for backs of electric refrigerators manufactured by Servel, Inc., Evansville, Indiana



Valley Company, Cincinnati, use Presdwood, with slate finish, to make ideal blackboards



At RCA Victor Company, Inc., Camden, N. J., the backs of radio cabinets are cut from Presdwood



Sturdy, attractive toys are made of Presdwood by the H. M. Miller Company, Jeannette, Pa.

Masonite Cushioned FLOORING OF TEMPERED PRESWOOD

This new, all-wood flooring with the in-built shock absorber offers tremendous advantages in beauty, durability and convenience. Outer layers of Tempered Presdwood assure beauty and long life. Inner layer of Quarterboard provides resiliency, insulation and sound absorption. Tongue-and-groove construction makes perfect, interlocking joints. Two-color reversible squares and borders make possible endless variety of design. Send for booklet describing this modern flooring.

**Send for
Free Booklet**

Mail the coupon today. It will bring you the interesting story of Presdwood

Masonite Corporation, Dept. P-12 © M. C., 1931
111 W. Washington St., Chicago, Ill.

Please send your free illustrated booklet that describes Masonite Presdwood and its many uses.

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☐ If interested in Cushioned Flooring, check here.

FACT OR FRIENDSHIP



DO YOU BUY INSURANCE BY PHONE?

You don't authorize important expenditures over the telephone,—you demand facts before you spend money today. You don't order shop equipment or raw materials on friendship. That's just common sense, of course.

Common sense also says "Analyze your insurance". Are you in stock or mutual companies? If you are in a stock company, why do you prefer it? Do you *buy* insurance or are you *sold*? Do you buy insurance on facts or friendship?

Facts are the only safe basis for buying insurance and one fact is that Central has saved its policyholders 30% since 1921. If you want to know how this is done, if you want more facts, call the Central agent in your city or ask us to send you his name and a vitally interesting booklet on mutual fire insurance.

30%
Dividends To
Policy Holders
Since
1921



The CENTRAL

MANUFACTURERS MUTUAL INSURANCE COMPANY
C. A. L. PURMORT, President Home Office: VAN WERT, OHIO

A Friendly Company

FIRE, AUTOMOBILE AND TORNADO INSURANCE FOR SELECT RISKS

picture, has grown steadily in the past few years. A variety of reasons are behind this movement—desire to hurdle tariff barriers; advantages gained by being able to sell commodities as "made in the home country;" a desire to overcome unfavorable transportation factors; patent laws; demands for more servicing; and certain local manufacturing and distributing advantages.

Basically, the single sound reason for branch-plant establishment is to hold trade which otherwise would be lost. The exporter without a branch plant abroad naturally looks with concern upon the establishment of such a plant by his competitor. A "follow-the-leader" policy may lead to plant duplications and eventual disastrous competition in a limited market. Also, production costs in branch plants are frequently higher than at home. The branch plant abroad, in meeting outside competition, may also work for additional foreign tariff protection even against American competition.

Tourist travel is important

THE FINAL element in this changing picture of world commerce, invisible trade, is of especial significance to American exporters. Our foreign traders can benefit by driving home to their foreign clients the importance of America's exports in this class. American tourist purchases put millions of dollars into foreign cash tills. The foreign customer who berates the American import duty must, at the same time, consider the volume of American tourist dollars being spent in his own community.

Prosperity in the United States means heavy immigrant remittances to Europe, which tend to enrich the old countries and to bring our export and import movement nearer a balance.

American investments overseas tend to make more money available for the purchase of world commodities.

Concentration of gold reserves, war debt payments, demonetization of silver and the general decline in silver values are other factors which may be brought prominently into the American exporter's picture.

Since 1929 the American business man has had to adapt himself to many new developments in his domestic trade. He has had to be equally versatile in meeting new changes in the foreign field. He has had to apply to the new order of things abroad, analysis and planning as keen as that of his foreign competitor and his brother United States exporter, his rivals for a share of world business.

TWENTY-FIVE YEARS AGO Christmas Seals began fighting tuberculosis in the United States. Today the death rate from this disease has been cut in half. But tuberculosis still kills more people between the ages of 15 and 45 than any other disease—in the prime of life. This represents, in loss of life and wages and in treatment, an economic cost to business of \$1,071,000,000.



FIGHT TUBERCULOSIS

Buy Christmas SEALS



"Interesting!"

(for it concerns his own NET PROFIT)

You, too, will find this new Rediform WIZ Presentation interesting. It is a challenging analysis of some of the profit-leaking points in every-day merchandising and manufacturing operations.

Losses of goods and materials of which you have never been conscious will loom up in their proper perspective as you scan each thought-provoking page.

You will realize, with new emphasis, that goods are but cash in another form, and that when they are received, transferred, stored or delivered they have par dollar value only as the control of them is adequate.

Our representative will gladly make the Presentation, but you will play the principal role—it will be your business being checked by you. After the check is made, you and he together may be able to improve situations found weak. His contribution is the assembled experience of our contacts with thousands of customers using WIZ to their profit.

If you'd like to review the state of your business, if you want fresh facts about it, ask us (or our local office) to have a representative give you the new Rediform WIZ Presentation. It takes but a short time to give it.

AMERICAN SALES BOOK COMPANY, Limited

EXECUTIVE OFFICES: ELMIRA, N. Y.

Factories: Elmira, N. Y., Niagara Falls, N. Y.

Sales and Service Offices in 60 Principal Cities

TRADE MARK
Rediform
 SPEED STATIONERY
 AND SPEED, FORMS

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The new WIZ Presentation consists of interesting illustrations and large, easy-reading type. It presents ideas rather than product.

The WIZ Register, with locked compartment, furnishes permanent checking copies, serially numbered for complete control.



American Sales Book Co., Ltd., Elmira, N. Y.
 Please have a Rediform representative show us the new WIZ Presentation, with no obligation.

Name

Business

Address

City State

N. B. 12-31

As the Modern Locomotive excels the old "Wood-burner"
Preformed Wire Rope excels old-fashioned ordinary wire rope



Wire rope is no longer merely "wire rope"

FOR many years one wire rope seemed to be about as good as another. New manners of combining wires were developed as the need arose. Stronger steels were developed. But the first basic improvement in nearly 100 years is the *elimination of internal stress in wire rope.*

● Internal stress in ordinary wire rope costs industry millions. Premature failure caused by fatigue . . . undue wear . . . uneven load distribution among the strands . . . these and many other destructive influences which shorten wire rope life are traced *directly to internal stress.*

● In Tru-Lay Preformed Wire Rope, internal stress is eliminated by preshaping the wires and strands to the exact shape they assume in the finished wire rope structure . . . so they lie in position without straightening-out tendency. 30% to 300% increased service results, as proved by hundreds of service reports in a wide variety of wire rope applications.

Send for this complete story

● Comparing True-Lay Preformed Wire Rope with old-fashioned ordinary wire rope is like comparing the efficiency of the modern locomotive with the old-time "wood-burner." Put wire rope on an up-to-date cost-per-dollar basis. You will find that Tru-Lay will save you money.

● Let us send you, or the man in your organization responsible for wire rope, a copy of "Why Preformed Wire Rope." Write for it on your business letterhead.

AMERICAN CABLE COMPANY, Inc.
 New York Central Bldg., 230 Park Ave., New York City
 An Associate Company of the American Chain Co., Inc.

Canadian Licensed Manufacturers:
 Dominion Wire Rope Co., Ltd. Canada Wire & Cable Co., Ltd.
 Anglo-Canadian Wire Rope Co., Ltd. B. Greening Wire Co., Ltd.



TRU-LAY PREFORMED WIRE ROPE
30% to 300% Increased Service *[Depending upon the character of the service and type of equipment]*

On the Business Bookshelf

THE Deputy-Director of the International Labour Office, H. B. Butler, has written a pamphlet, "Unemployment Problems in the United States," an excellent résumé by an outsider of our present employment situation.

Among his conclusions are: The normal unemployment among non-agricultural pursuits is about two million persons, which is roughly six per cent; technological unemployment is higher than normal and has been for some years owing to a greater than normal advance in efficiency in manufacturing. Those suffering from technological unemployment, during a period of normal growth, would quickly be reabsorbed in some other line or in the same line of work after the cheapened production increased the consumption of that line of manufactures; but the increase in output per worker during the six years from 1920 to 1926 was greater than either of the two complete decades before. This caused greater technological unemployment than the new and service lines could absorb.

In 1914 wages and salaries received 54.2 per cent of the total value added by manufacture. By 1927, this percentage had dropped to 51.0 after a high in 1921 of 58.7. Mr. Butler suggests that this may cause a shift in demand away from consumer's goods toward capital goods.

Two chapters are devoted to "Remedial Measures" and "Regularization of Employment."

ONE of the first books on modern credit for the consumer is "Financing the Consumer" by Evans Clark. The rapid growth in recent years of personal finance companies, industrial banks, personal loan departments of banks, credit unions, remedial loan societies, axias, and employers' plans have injected a new element into consumption. The probable peak of these new forms of lending is not yet reached, thinks the author.

Costs of operation, charges to cus-

tomers, and probable growth in the near future are discussed.

TAKING the stand that the present world depression is due, not primarily to overproduction, but rather to a shrinking of world purchasing power, Dr. Arendtz, in "The Way Out of Depression," gives three possible solutions:

"1. The discovery of large new sources of gold.

"2. Continuous expansion of credit money on a practically stationary gold base; or

"3. The international remonetization of silver."

Number 1 is unlikely, number 2 is impractical, then, according to Dr. Arendtz, the third solution is the only way out.

He proposes an international agreement to use both silver and gold for currency and keep them at the ratio of 30 to one. He doesn't explain what effect the relative output of gold and silver will have on that fixed ratio over a period of time.

"The Way Out of Depression," by Hermann F. Arendtz. Houghton Mifflin Company, New York, \$1.

Recent Books Received

Public Speaking for Executives, by Charles W. Mears. Harper & Brothers Publishers, New York, \$3.

Rural Banking Reform, by Charles Wallace Collins. The Macmillan Company, New York, \$2.

India in 1929-30, Government of India, Central Publication Branch, Calcutta, India, Price Rs. 2-4.

Labor Agreements in Coal Mines, by Louis Bloch. Russell Sage Foundation, New York, \$2.50.

The Ethics of a Profession, by A. P. Richardson. The Century Company, New York.

Accounting Problems: Intermediate, by Charles F. Rittenhouse and Atlee L. Percy. Second Edition. McGraw-Hill Book Company, New York, \$3.

Principles of Organization as Applied to Business, by Henry P. Dutton. McGraw-Hill Book Company, Inc., New York, \$3.

Radio in Advertising, by Orrin E. Dunlap, Jr. Harper & Brothers Publishers, New York, \$5.

Marketing Principles, by John Freeman Pyle. McGraw-Hill Book Company, New York, \$4.

Retail Selling in the Drug Store, by L. G. Hegner. The Superior Printing and Lithographing Company, Akron, Ohio, \$1.

Industrial Relations: Administration of

HAWAII

AND TWO
outstanding conventions
in one splendid trip



Sail on the

MAGNIFICENT MALOLO

*From Los Angeles April 30th to the
National Foreign Trade Council at
Honolulu, May 4th to 6th...*

*Return to San Francisco for the
National Chamber of Commerce,
May 15th to 21st.*

Hawaii... California... and two great business gatherings, linked by a voyage over the smoothest and sunniest of ocean routes, aboard the finest and fastest liner in the Hawaiian service. Five invigorating days from Los Angeles to Honolulu, for pre-convention contacts... the verve and sparkle of gracious ship life... and long, soothing intervals of perfect relaxation!

Come to Hawaii, for the peculiar fitness, the true foreign trade flavor of a convention at the "Crossroads of the Pacific." But come also, for the varied joys which are Hawaii!

A new tang to sport... scrappy bouts with game, deep-sea bonito... cantering over jungle trails... golfing on links that are gardens of flowers! More important still, Hawaii will share with you the priceless gift of her soft, bland sunshine and cool, scented breezes, infusing a new ease of body and mind... a new and glowing vitality!

The round trip, first class, may be covered for as little as \$198. Reservations on the "Malolo" should be made well in advance... at any travel agency or our nearest office.

MATSON LINE

535 Fifth Ave., MU 2-3684, New York City
140 S. Dearborn, RA 8344, Chicago

When writing please mention Nation's Business

¹"Unemployment Problems in the United States," by H. B. Butler. International Labour Office, Geneva, Switzerland (World Peace Foundation, Boston, Mass.), 60 cents.

²"Financing the Consumer," by Evans Clark. Harper & Brothers Publishers, New York, \$3.50.

EXECUTIVE AMERICA *Goes Aloft*



MEN whose names are news in finance, commerce and industry fly United Air Lines because "United" air travel is fast, comfortable, dependable and interesting. A recent investigation of 864 corporations showed that 75% of them are buying air transportation for their executives.

Men worth millions—men controlling millions—consider air travel indispensable. They realize that the airplane has come into its own as a vital unit in America's scheme of transportation—that modern business cannot neglect the time saving which air travel provides. Consider: New York to Chicago in 7¼ hours!

United Air Lines offers you "air transportation at its best"—the only air service in the world with 35 million miles of flying experience; with more night flying than all European air lines combined.

This great air transportation system offers you: Five years flying experience . . . 100 late-type

Pioneer air mail-passenger plane operators on five strategic routes

Serving 42 Cities in 18 States



"I have traveled several thousand miles using United Air Lines, and congratulate you upon the excellent service, equipment, and high character of the men operating the planes."
J. D. Tew, President,
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Policies and Programs. National Industrial Conference Board, Inc., New York, \$2.

Principles of Selling, by H. K. Nixon. McGraw-Hill Book Company, New York, \$2.50.

Cutting Clerical Costs, by Eugene J. Bengt. McGraw-Hill Book Company, New York, \$3.50.

Distributed Leisure, by L. C. Walker. The Century Company, New York, \$2.25.

America Weighs Her Gold, by James Harvey Rogers. Yale University Press, New Haven, Conn., \$2.50.

Simplified Mathematics for Accountants and Executives, by Harris D. Grant. McGraw-Hill Book Company, New York, \$3.50.

Bank Management: A Case Book, by J. Franklin Ebersole. McGraw-Hill Book Company, Inc., New York, \$5.

Accounting to Increase Profits. National Blank Book Company, Holyoke, Mass., \$3.

Handbook of Business Administration, edited by W. J. Donald, for the American Management Association. McGraw-Hill Book Company, Inc., New York, \$3.

Mailing List Handbook and Direct Advertising Guide, 1931 edition, edited by J. C. Aspley. The Dartnell Corporation, Chicago, \$2.50.

The Course and Phases of the World Economic Depression. Published by the Secretariat of the League of Nations, Geneva, Switzerland.

Problems in Business Statistics, by Theodore Henry Brown. McGraw-Hill Book Company, Inc., New York, \$5.

Production Management, by William N. Mitchell. The University of Chicago Press, Chicago, \$4.

Economics in the Twentieth Century, by Theo Suranyi-Unger, edited by Edwin R. A. Seligman. W. W. Norton & Company, New York, \$5.

Merchandising of Drug Products, by Paul C. Olsen. D. Appleton and Company, New York, \$2.50.

Clearings and Collections; Foreign and Domestic, by Thatcher C. Jones. Columbia University Press, New York, \$4.50.

Modern Business Methods, by Herbert N. Casson. The Efficiency Magazine, Kent House, 87 Regent Street, London, W. 1. Price 5/-.

Seasonal Variations in Employment in Manufacturing Industries, by J. Parker Bursk. University of Pennsylvania Press, Philadelphia.

American Civic Annual, 1931, edited by Harlean James. American Civic Association, Inc., Washington, D. C.

Our Workhouse Million, by George F. Bonsor. The Efficiency Magazine, Kent House, 87 Regent Street, London, W. 1. Price 5/-.

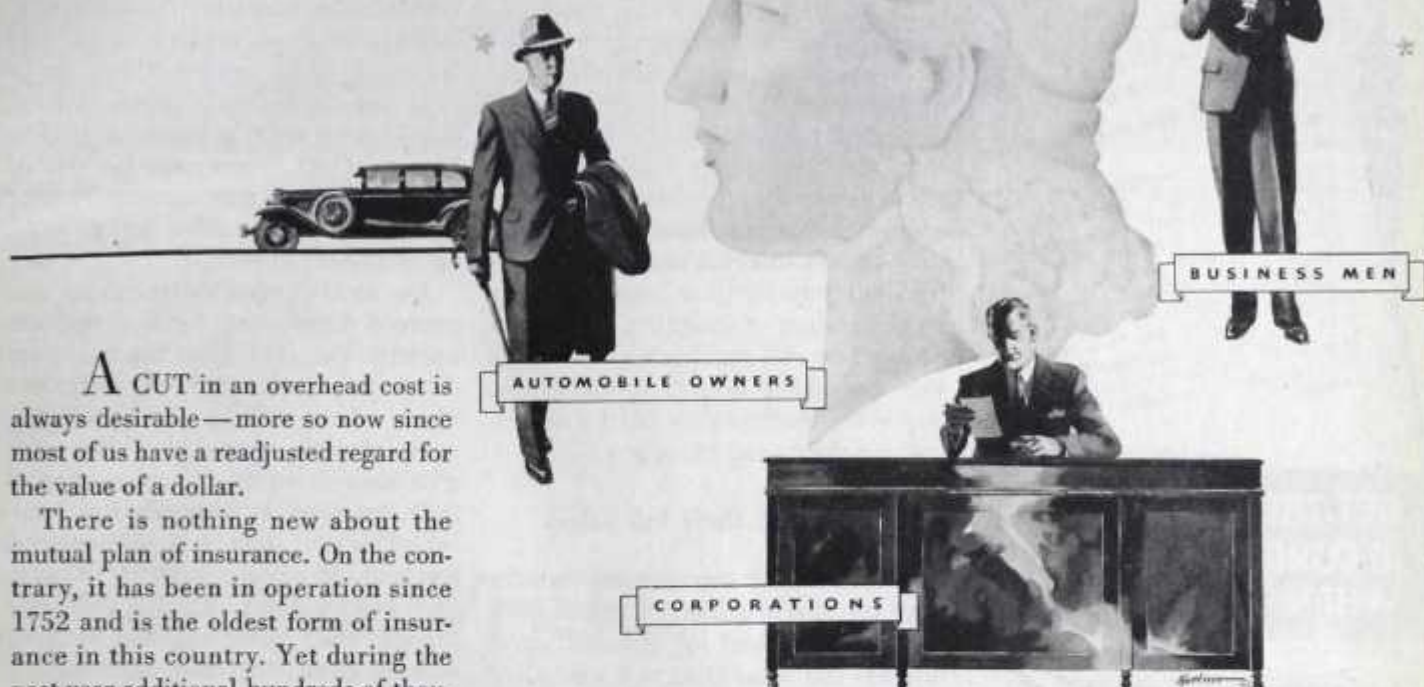
Japan's Special Position in Manchuria, by C. Walter Young. The Johns Hopkins Press, Baltimore, \$3.

Japanese Jurisdiction in the South Manchurian Railway Areas, by C. Walter Young. The Johns Hopkins Press, Baltimore, \$3.

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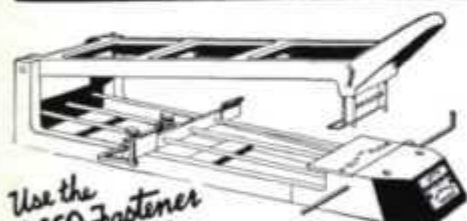
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The Small Town Merchant Can Survive

(Continued from page 30)

and related lines. From these organized studies have sprung various civic enterprises as well as trade-at-home movements and other efforts that have served to cement the home-buying ties and stimulate both local cooperation and local retail business.

In a California beach city, merchants found a large percentage of their local business getting away from them and decided upon a home-buying movement. They had no sooner made the decision than they discovered that they themselves were as much responsible for out-of-town buying as their customers. So they started to clean their own houses by issuing through the local newspaper a "declaration of intention." They announced that all merchants whose names were appended would, in the future, buy everything possible from their fellow merchants and taxpayers.

Increased their fall sales

A SURVEY of merchandise in this town revealed a number of vacant lines, as well as the need for more attractive displays and remodeling of stores. All of these things were remedied. As a net result, instead of entering the fall and winter months with the reduced volumes usual in a beach town, these merchants enjoyed an increase in business of from 15 per cent to 25 per cent. In addition, they benefited from their education in a cooperative effort and are now working together more harmoniously than ever.

Merchants of an inland city of similar size, at a cost of \$1,500 for promotional purposes, obtained an appreciable increase in volume from much the same type of movement. One of the important achievements here was the winning of a substantial proportion of the ranch and farm trade because of better selections and service.

Universities of the country have rendered valuable service to merchants not only by research but by conducting short courses devoted to merchandising problems and markets. Such institutions often make the ideal agency through which to organize local merchants into cooperative groups. With their special facilities for such work, it is surprising that they are not more often employed.

A definite plan to promote both education and cooperation among merchants has been worked out by the

Schools of Journalism and Merchandising at the University of Southern California, Los Angeles. This Merchants' Institute consists of a series of informal lectures by university instructors on such subjects as trends in merchandising, profit promotion, sales and service problems, advertising and the like. The lectures take place in the city whose merchants they are designed to help and are usually made after a close study of local merchandise and merchandising. One of these study groups was held at Ventura, Calif. Seventy-five per cent of the merchants of that community were enrolled and cooperative action along various lines has resulted.

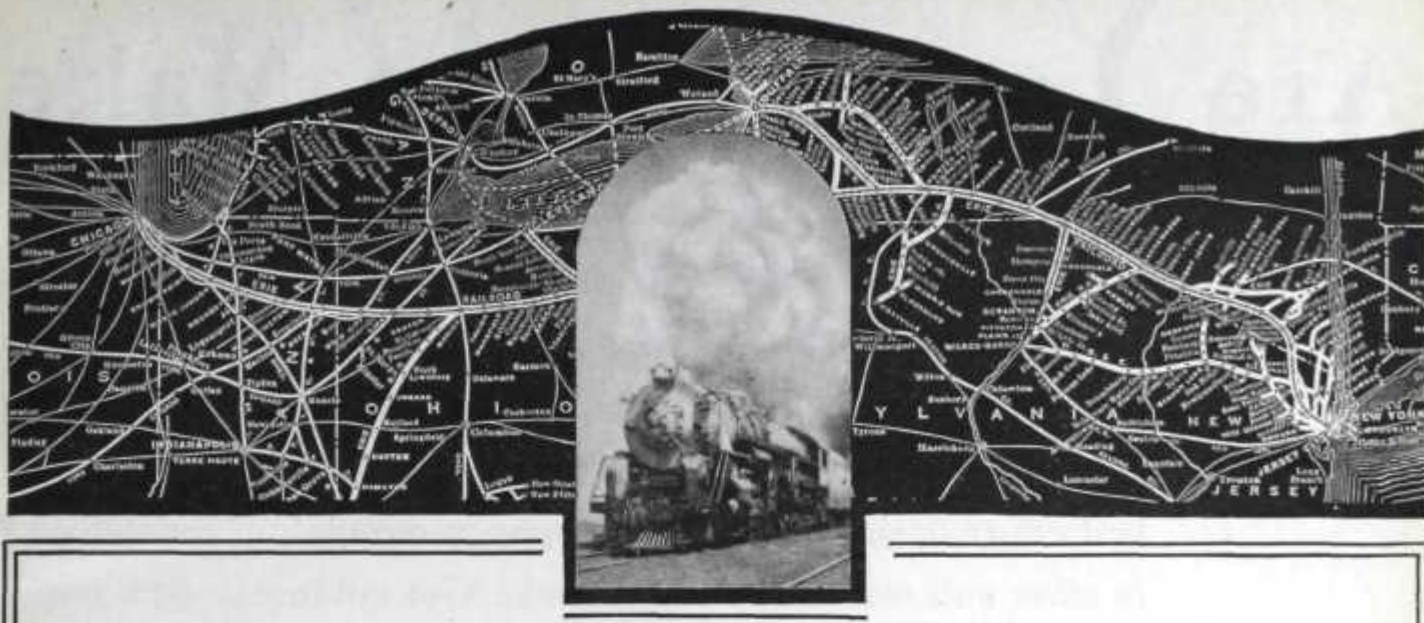
Any form of agency that can act as a common denominator for local business interests can contribute much toward the close cooperation of merchants whose whole training and habit have been intensely competitive. But once give these divergent factors a sense of their loss, together with practical, feasible plans for their regeneration, and you have put a new motivating influence into their lives. Certainly, you have changed their viewpoint, and in doing so have given them new direction and initiative.

When the small town discovers and recognizes that retail business is the life-blood of the community and then proceeds to keep that blood circulating constantly among its members, the result must be a natural quickening of the pulse of every activity that goes to make up normal, healthy community life.

Business Scholarships

AN UNUSUAL scholarship award has been inaugurated by the Grain Dealers National Mutual Fire Insurance Company, of Indianapolis. With the thought in mind that by offering such a scholarship a group of young men might be developed which might competently represent the Company in the future, one Indiana high school graduate each year is selected for training in any Indiana college or university he may choose which has strong courses in commerce, business administration or economics.

The award is \$500, which is deposited with the registrar of the college chosen. Tuition is deducted and the balance is paid the winner in ten monthly installments.—W. E. J.



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Somewhere in the vast industrial territory tapped by the ERIE LINES is the ideal spot for your plant.

Without obligation our Industrial Department will submit a survey.

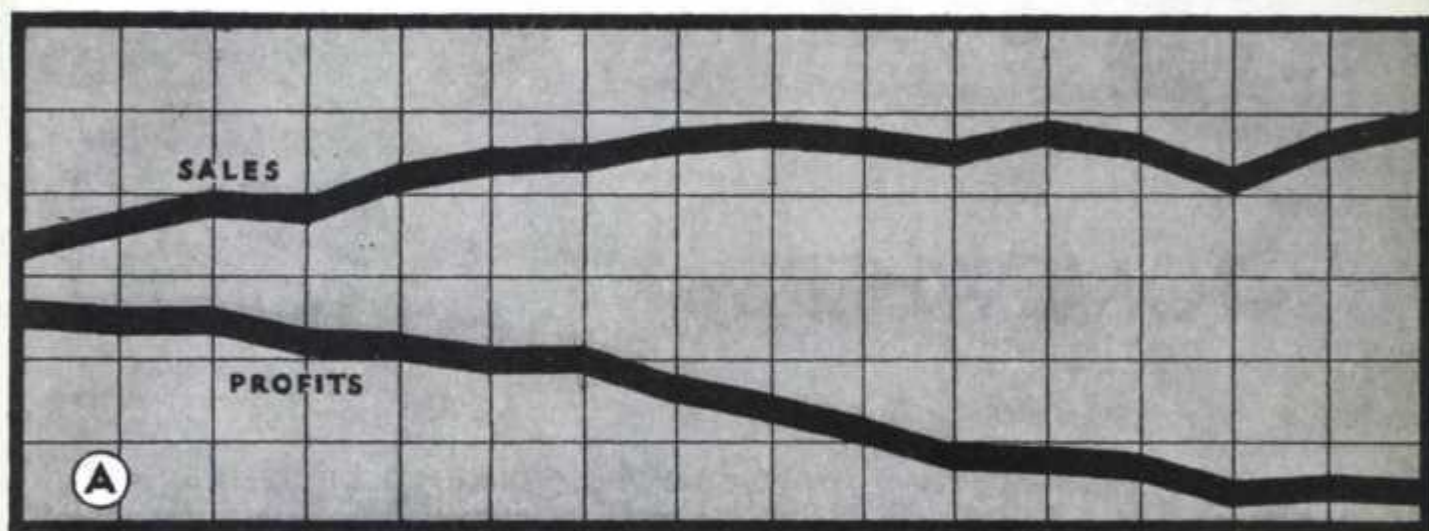
GEO. F. WESTON
Industrial Commissioner
Cleveland, Ohio

ERIE RAILROAD SYSTEM

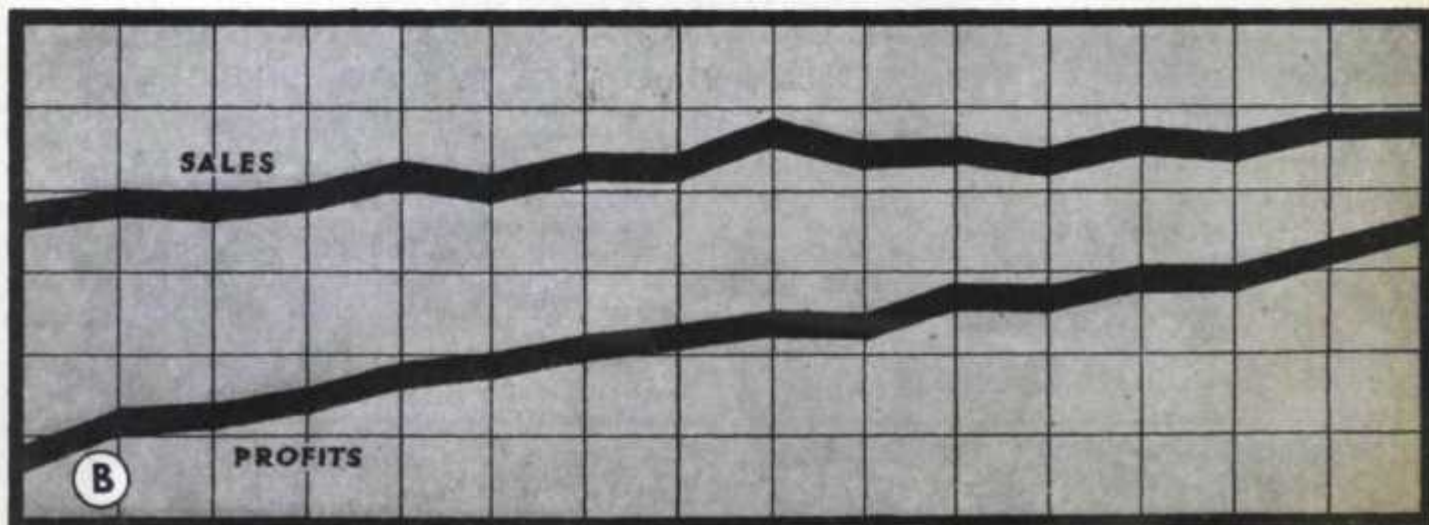
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Are You Going to Make

Go to the great department stores . . . consider their ways . . . and be wise. Use *newspaper* advertising . . . get real selling power, quick action and low selling cost . . . as well as flexibility and any degree of intensified effort desired. Select newspaper circulation *concentrated in cities and money-spending suburbs*. Get volume . . . at a *profit*.



THE WRONG WAY: In Chart "A" the sales manager has successfully driven for sales volume but he has obtained this volume at terrific cost. *Profit* was sacrificed.



THE RIGHT WAY: In Chart "B" the sales manager has made a steady increase in sales but he has also been able to show a steadily increasing *profit*. This is smart sales management.

Any Money next Year?

The mania for mere volume is being replaced by the organized drive for volume *with profit*. If the seller cannot make money out of a customer, it is folly to keep on selling him.

CONCENTRATE YOUR ADVERTISING WHERE GREATEST PROFIT CAN BE MADE

Before listing any newspaper, find out what percentage of its circulation is in the *city* . . . in the *A. B. C. trading area* . . . and what percentage is rural scatteration in the sterile fringe outside.

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BALTIMORE . . . *Post* · CINCINNATI *Post* · DENVER *Rocky Mt. News* · BIRMINGHAM . . . *Post* · OKLAHOMA CITY *News* · SAN DIEGO . . . *Sun*
PITTSBURGH . . . *Press* · COVINGTON *Kentucky Post* · TOLEDO . . . *News-Star* · MEMPHIS *Press-Scimitar* · KNOXVILLE *News-Sentinel* · EVANSVILLE . . . *Press*
— Kentucky Edition of Cincinnati *Post* · ALBUQUERQUE *New Mexico State Tribune*



NACOS Members Gather in Toledo



Christy Thomas, Seattle,
first vice president



Gerrish Gassaway, Wilmington,
new president of NACOS



A. J. Horn, Toledo,
second vice president

THE National Association of Commercial Organization Secretaries is too long a name for frequent and familiar utterance; but to most persons active in the field of business organization its abbreviated form—the synthetic word NACOS—symbolizes a constructive agency in the development of the present-day Chamber of Commerce.

The last general session of NACOS was held in Toledo, Ohio, October 18, 19, 20 and 21, at which time the men shown above were elected officers for the ensuing year. At this convention especial interest was shown in current economic questions.

Community programs for emergency relief of unemployment were discussed, and experience was exchanged on resultful methods. Permanent measures for the stabilization of business and employment were also considered, and the necessity for every community to take care of its own needs and not look for legislative aid was stressed.

Keen interest was also displayed in the question of raising and spending public funds, and in the ever-present problem of obtaining a properly balanced industrial development. It was the consensus of opinion that efforts at industrial development should occupy a prominent but not necessarily dominant place on chamber programs.

Chamber of commerce secretaries are interested in accomplishments; but, to achieve results through organization they must be skilled in the technique of their craft. They must understand



Jack H. Hott, Fort Worth,
Sec'y-treasurer

how to set up organization machinery to get things done most quickly and effectively. The closest interest, therefore, was manifest in discussions dealing with administrative technique.

In the NACOS membership are a thousand secretaries of chambers of commerce. Not all of them are called secretaries, of course. Lately the tendency has been to express more accurately in their titles the standing and duties of these men—or rather of these men and women, for a number of women have taken their place successfully in the secretarial ranks. Today they may be called secretary, manager, managing director, general manager or executive

vice president. Their titles are varied; but their job is fairly fixed. They are the general managers of their organizations.

For 17 years these secretaries have been organized in their present National Association. Formerly there were two similar organizations,—the American Association of Commercial Executives and the Central Association of Commercial Secretaries. In 1914 these were merged. Since then annual meetings have been held which, while they have been styled conventions, have in reality been more like schools since they have involved searching discussions of every phase of chamber of commerce administration.

Recognizing the value of thorough training in chamber of commerce administrative work, NACOS was active in the development and sponsorship of the National Institute, formerly the National School, for Commercial and Trade Organization Executives. Held each year at Northwestern University, this Institute is now ten years old, and those holding its certificates are found in both trade association and chamber of commerce work in all parts of the country.

While individual secretaries by leadership and initiative may guide and influence the policies of their organizations, NACOS as an organization has made no effort to form policies for the chamber of commerce movement. That is a matter it conceives to be the concern of the business men who support that movement.—RALPH BRADFORD

Printing

has Modernized

Santa Claus

THE Santa Claus we know today owes his widespread popularity, his very existence as a definite personality, to the power of the printed word.

When Rome ruled the world, St. Nicholas, the good Bishop of Myra, liked to perform charitable deeds anonymously. After his death, people adopted the custom of giving gifts on his birthday, the 6th of December. Later, this gift-giving was transferred to the 25th of December, the date of an established winter festival in Rome. The custom spread over Europe and finally became associated with the Christian holiday of Christmas. The character of St. Nicholas, and his name, varied widely in each country.

After the invention of printing, Santa Claus (from the Dutch San Nicolaas) soon became an international



REPRODUCED FROM AN ILLUSTRATION PRINTED IN 1810,
SHOWING THE SANTA CLAUS IN VOGUE AT THAT TIME

personality. His jolly face, his stout girth, and red suit are today recognized throughout the world. Our 1931 Santa travels by reindeer sleigh to gladden children of every land.

Printing has given Santa Claus his present reality. But printing may even change him again. The next generation of children will probably believe that Santa Claus never drove anything but an airship. Such is the power of the printed word and picture.

We at I. P. I., as makers of printing ink, feel it particularly appropriate to wish you a Merry Christmas. We hope that printing will help you to make your next business year a Happy New Year.

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not only designed, built and sold automobiles, but he also established the principle that a sale does not complete the transaction between maker and buyer, but creates a new obligation on the maker to see that the car gives good service. Ford's cars were bound to give good service, because he saw to it that there was always a local and well-respected mechanic who would guarantee that the car would do its job.

No estimate has ever been made of the part played by these town mechanics and metal-workers in the development of the automobile industry. Yet it was they who adopted the automobile first . . .

just as it was from their shops that the first airplane took wings! It was they who made possible today's system of service stations.

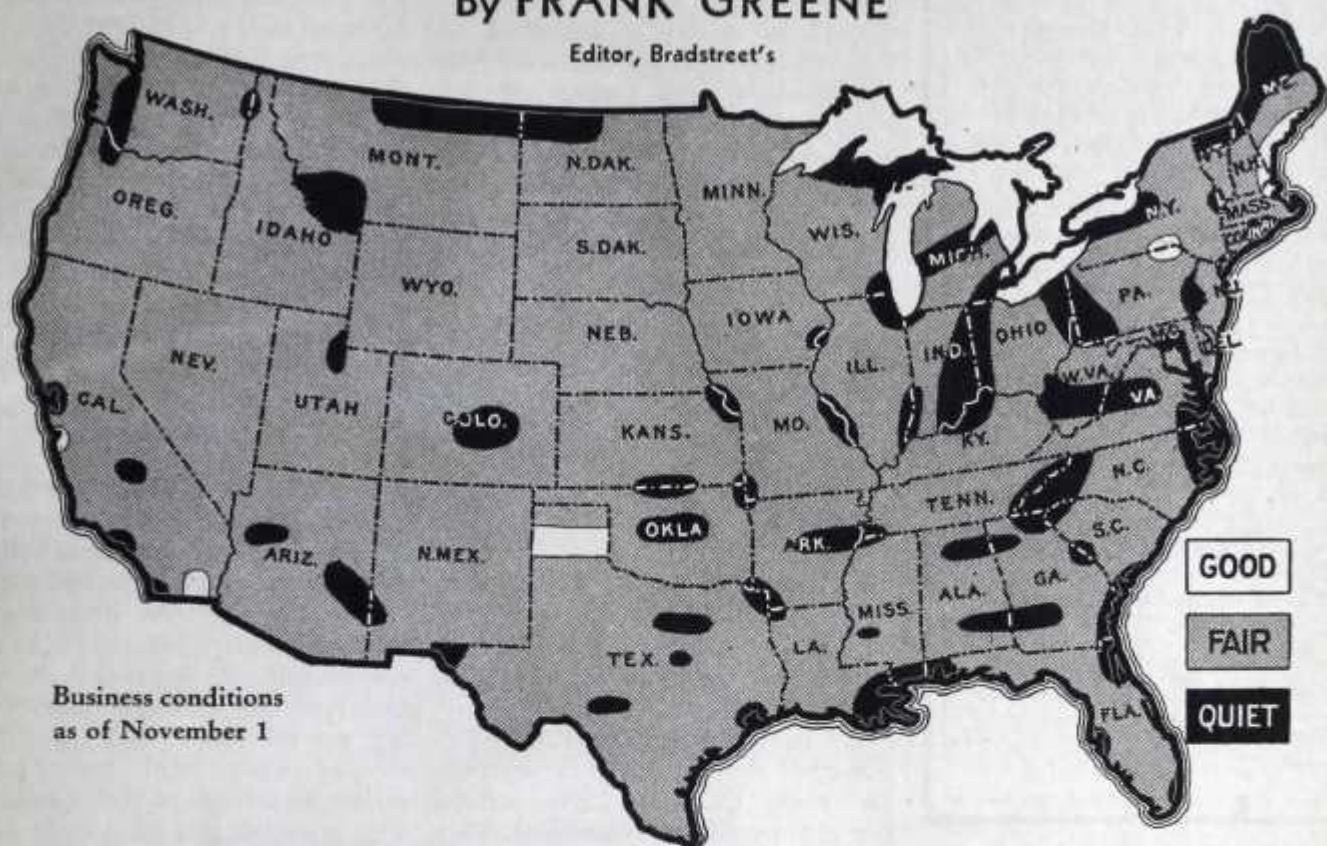
Many of them, and the young men they trained, are essential elements of the nation-wide community of Ford . . . repairmen, service men, agents, bankers, even business men of prominence, distinguished members of their communities wherever they may be.

Growing with the industry of which they are an integral part, the entire Ford dealer organization has been specially trained and equipped to service all Ford products . . . automobiles, trucks, tractors and airplanes!

The Map of the Nation's Business

By FRANK GREENE

Editor, Bradstreet's



HIGHER grain prices brought a more cheerful feeling in trade and industry during October. Cold weather, it is felt, should help distribution during the remainder of the year

ALTHOUGH October had its fair share of disturbing features—among them the so-called “flight from the dollar,” the consequent “runs” upon American stocks of gold by foreign banks and bankers, the rate decision of the Interstate Commerce Commission which was rather disappointing to the railways, and the continued heavy list of banking embarrassments—the month had one heartening feature.

The wheat market broke loose from its long lethargy and all agricultural interests felt better. The boom in wheat prices raised the level by 40 per cent in one month. An old-time bull movement in wheat seems to have occurred.

Nothing of this sort had been seen since 1924 and the wheat market, which had new record low quotations for nearly a year past, suddenly found itself the possible corner stone of a new prosperity.

Words of caution as to this bull movement in wheat were not regarded as an altogether friendly service and the views of some old grain men that the market had not only discounted the unreasonably low prices but had run ahead of the original statistical reasons for the rally, seemed to receive scant attention. These trade authorities were quoted as saying there was still plenty of wheat in the country.

That the movement took the rest of the country by sur-



Wholesale and retail trade during October showed a slight gain over that during September. Industry showed a good increase, and collections improved

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prise was proved by the more cheerful tone imparted to general business, even if the feeling that the thing was too good to be true still lingered. Since this was the first really outstandingly cheerful happening in two years some description of its causes will not be amiss.

First, let us review quotations on identical grades of cash winter wheat at Kansas City and Chicago—No. 2 hard winter—and on No. 1 northern spring wheat at Minneapolis at various dates since May 31, 1929, when a low point for many years was reached and which was before creation of the Farm Board:

	May 3, 1929	July 29, 1929	Sept. & October 1931	Nov. 3, 1931
Kansas City	\$.89	\$1.31	\$.36½	\$.59
Chicago	.98	1.42	.47½	.67
Minneapolis	.94	1.47	.54½	.80½

October quotations fell to levels unheard of except in years like 1893 and forty-odd years further back. The enormous accumulation of wheat, most of it in this country, had affected the outside world's markets and set in action remedial measures. Argentina, Australia and the American winter-wheat growers had decided to restrict new-crop planting and, in addition, low prices the world over induced new high records of consumption. Then too, most of the other grain crops such as rye, oats and barley fell off this year and there were, in addition, unsatisfactory reports from the rice crop in the Orient and the potato crop in Europe. Unfavorable weather hampered the European wheat harvest and reports were that Russian wheat shipments were likely to be smaller than last year.

Several times the market started to rise, but stock-market liquidation, the falling from par of the pound, or some other depressing happening, tended to check the rally.

Markets have improved

ON OCTOBER 5 the announcement of the plan for a credit organization to support solvent banks seemed to touch both the stock and grain markets. Some of this stimulating effect was lost later by stocks but the wheat market got away to a good start and one month later was still "going strong," well out in front of the rest of the grains, which followed, however, at good speed.

Wheat has always been a favorite American speculative medium. As a true "psychological" influence in either an up or down direction it is practically without a peer, but a few examples of what free purchasing of wheat can do

will stand mention here. In 1881-82 big foreign buying was the mainspring of business activity, unequalled up to that time. In 1891 a Russian crop shortage helped to offset the effect of the collapse of the English firm of Baring Brothers that had put millions of pounds into Argentine railways. In 1896 the rise in wheat gave the death blow to the free silver movement by showing that wheat and silver were not necessarily dependent upon each other for support.

As late as 1924 the combination of a big wheat yield here and a short crop in Europe galvanized a rather droopy presidential campaign. What excessive supplies of wheat could do, on the other hand, found fine illustrations in 1893 and in 1930-31.

Trade is looking up

WHOLESALE and retail trade in October showed a slight gain over September. A rather good-sized increase in industry was recorded with a slight increase also reported in collections. Final crop returns on the whole lost nothing by comparison with the best earlier estimates. One year ago wholesale trade, industry, and collections receded slightly in October while retail trade gained, mainly as a result of cool weather. In 1929, wholesale and retail trade, industry and collections all receded during the October stock-market collapse.

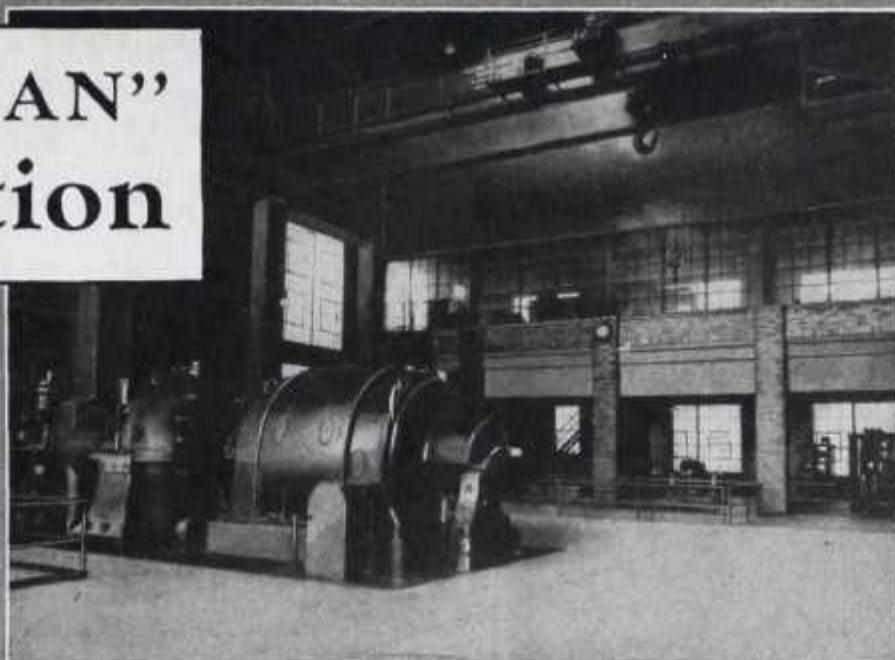
The improvement in farm product prices did not register in the retail trade of the month to any great extent at least so far as mail-order trade records show. It may make itself felt in November and in greater volume in the Christmas trade. However, preliminary returns indicated a slight decrease in chain-store buying over October a year ago. The total September trade of the chains fell 3.7 per cent from a year ago. With the lower prices made by retailers, however, the effects of the increased purchasing power of the farmers seem bound to be reflected later if, as seems probable, the bulk of the gain made in October is retained.

Mail-order sales fell off 23.9 per cent from October, 1930. For the ten months, a loss of about three per cent was reported by chains while mail-order sales fell 13.3 per cent. Combined chain and mail-order sales fell 9.3 per cent in October as against six per cent in September and 5.9 per cent for ten months as against a gain of 2.3 per cent in the like period of 1930 over 1929.

It may seem early to say that bottom has been reached in the industrial and trade situation, but it will do no harm to try and get an idea of how low some

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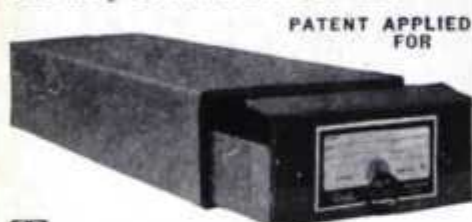


than "burying" old records!

You simply can't afford to "bury" them in bundles or in old-fashioned storage boxes. Use the amazing new

OXFORD SLIDING DRAWER STORAGE FILE

and they aren't buried at all!



The exclusive sliding drawer feature gives you instant access to stored records—just as in your current files.

Sizes for all commonly used papers and forms. Made of sturdy corrugated board—requires no shelving—real transfer economy!

And File Transfer time is also the time to make sure that next year you will have the real economy and faster FINDING available in the

OXFORD SPEED-INDEX



CORRESPONDENCE filing reduced to its simplest, most efficient, and most economical form. A guarantee of intelligent filing in 1932.

Write for further information
and name of dealer nearest you.

Oxford
FILING SUPPLY CO.

OXFORD FILING SUPPLY CO.
342 Morgan Avenue, Brooklyn, N. Y.

When writing please mention Nation's Business

things really went in September and the nine months of this year as compared with last and with similar periods in 1929, the peak year. The following tables show a variety of industrial, financial and other measures which reflect pretty well the decrease or increase of business.

TABLE A - FINANCIAL TRENDS

	Change from 1930	From 1929
Sept.	9 Mos.	9 Mos.
Bank Clearings U. S.	- 22.9	- 22.6
Bank Clearings Outside N. Y.	- 23.4	- 23.6
Bank Debits U. S.	- 25.3	- 26.3
Bank Debits Outside N. Y.	- 27.0	- 21.1
Business Failures Number	+ 14.1	+ 10.6
Business Failures Liabilities	+ 341.0	+ 92.1
Merchandise Exports	- 41.9	- 37.6
Merchandise Imports	- 24.3	- 32.5
Railway Earnings Gross	- 25.0	- 19.6
Railway Earnings Net	- 47.0	- 38.3
Retail Trade, Chains	- 3.7	- 3.1
Retail Trade, Mail Orders	- 17.1	- 11.9
Retail Trade, Total above	- 6.1	- 4.6
Retail Trade, Dept. Stores	- 14.0	- 9.0
Stock Sales, N. Y. Exchange	- 4.5	- 30.4
Bond Sales, N. Y. Exchange	+ 40.6	+ 4.6
Employment, National	- 12.6	- 15.6
Pay rolls, National	- 25.3	- 24.8
Fire Losses	- 5.8	- 2.2
Price Index, Broad-street's	- 2.2	- 19.4
Bank Suspensions, Number Fed. Res.	+ 351.0	+ 82.8
Bank Deposits, Number Fed. Res.	+ 1028.0	+ 224.0
	+ 407.0	

*Approximations of percentages

Table A shows that, in bank clearings and debits, the September decreases from a year ago were in close keeping with the nine-months' decline, while the comparisons with 1929 bring out the extent of the decline from the peak of that year.

The declines outside of New York City, the big financial center, are not greatly different from the entire country's percentages except that the debits outside of New York shrunk more sharply than did the bank clearings. The big shrinkages in New York stock sales may be partly the cause of this.

Railway earnings are low

THE declines in net railway earnings are almost double the declines in gross receipts, which latter are in fairly close accord with the drops in car loadings. The declines in foreign trade value, reflecting losses in both volume and prices, are among the heaviest of the reactions reported.

As to employment and pay rolls, the latter naturally reveal idleness or part-time run or other curtailments in relatively heavier declines in earning power than in operations proper.

Failures and fire losses are often

teamed together in statistical showings but the increases in percentages shown in fire losses are rather modest, seeming small compared with the expansion in failures and failure liabilities. The past two years have shown great expansion in failures, with liabilities mounting more rapidly than failures, due to the inclusion of bank suspensions which this year as last broke all records. October seems to have set up a new monthly record in number if not in amounts involved.

The percentages of retail trade given in Table A bring out the heavier relative declines shown in mail-order sales in the past two years. In this connection depressed prices of farm products have no doubt bulked large. The chain-store declines are the lightest recorded in the retail merchandising groups.

Retail volume is higher

JUST at a venture it may be said that price changes considered, the sales of all of these retail groups point to a larger volume of goods passing than one or two years ago.

TABLE B - TRENDS IN INDUSTRY

	Change from 1930	From 1929
Sept.	9 Mos.	9 Mos.
Automobile Production	- 36.3	- 27.2
Building Value	- 44.6	- 26.1
Cement Output	- 24.0 ¹	- 21.0 ²
Cigarette Output	- 4.9	- 3.1
Coal, Bit. Output	- 14.4 ¹	- 16.9 ²
Coal, Anth. Output	- 29.1 ¹	- 12.2 ²
Copper, Output	- 25.2	- 21.5
Cotton Consumption	- 17.9	+ 7
Cotton Exports	- 38.1	- 5.7
Electricity, Kw. Hour Output	- 3.0	- 4.5
Gasoline Consumption	- 2.8	+ 1.2
Petroleum Consumption	- 2.3	- 2.1
Pig-Iron Output	- 48.7	- 41.6
Rubber Consumption	- 6.5	- 2.4
Shoe Production	+ 7.5	+ 5.4
Silk Consumption	- 3.2	+ 2.8
Steel Ingot Output	- 45.7	- 37.0
Wool, Raw, Consumption	+ 24.9	+ 23.1
Car Loadings	- 21.8	- 18.7
Tire Production	- 6.3 ¹	- 3.0 ²

¹August. ²8 months.

Table B, dealing with outputs of industry, has what might be called three divisions. In one are the "heavy" lines, in which automobiles, building, pig-iron and steel output show the heaviest ratios of decline.

At the other end of the scale are the lighter industries. Cotton, silk and raw wool consumption and shoe production show gains over last year.

If gasoline is included in this list of "light" industries it will be found that consumption of this product shows gains over both 1929 and last year, while the production of electricity shows really small decreases.

In a sort of middle ground are found cement, coal, copper, rubber consumption and tire production, with declines ranging from 21 per cent down to three

PERSISTENCE of PERFORMANCE

—the evolution of four great properties

VOGUE

In 1909, Vogue was an anaemic periodical. It had local metropolitan advertising, but no recognition from advertisers or advertising agencies as a national medium. There were no other periodicals of its kind. In a word, neither a periodical nor a publishing field really existed.

Then Vogue came under the direction of Condé Nast. Within three years thereafter, this magazine had become recognized as one of the great advertising mediums in America. Since that time, it has not only dominated its own field, but in 14 of the last 18 years, Vogue has carried more advertising than any other magazine in America, with the single exception of the Saturday Evening Post. Not only was a periodical created, but a new field as well. This was the first job of certain constant, dependable, inspirational forces which made future successes inevitable.

NEXT...VANITY FAIR

Vanity Fair was established as the vehicle for an editorial formula new to the American public.

Vanity Fair has achieved a distinguished editorial success. It has created an editorial field of its own, and has had wide acceptance as an advertising medium, because of its great influence over the tastes of what we may properly call the "successful" people of America. Much of what is newest and best in letters, in the arts, in the world of ideas, has reached Americans of taste and influence through Vanity Fair. The periodical and the field were both new. This was the second publishing job of those constant, dependable, inspirational forces mentioned above.

Today Vanity Fair—endowed with a new editorial vitality, widely recognized as the most beautiful (and the most perfectly printed) magazine in America, and steadily increasing in circulation—is clearly headed for new heights.

THEN...HOUSE & GARDEN

In 1915, House & Garden was an obscure and negligible magazine, occupying an undeveloped field.

Then it came under the direction of The Condé Nast Publications, Inc. Editorially revitalized, it was soon recognized by national advertisers and national agents as one of the great advertising mediums in America. So much so, that for years it has not only dominated its own field, but, during the past five years House & Garden has carried more advertising than any other monthly magazine in this country, except in 1930, when the acute crisis in the building industries seriously and particularly affected all publications in House & Garden's field.

Here, once again, in a comparatively short time, a new publishing field was developed, and a great periodical created. This was the third job of those constant, dependable, inspirational forces.

THE CONDÉ NAST GROUP

GRAYBAR BLDG. • NEW YORK

CONDÉ NAST, PUBLISHER • F. L. WURZBURG, MANAGING DIRECTOR • E. W. WELCH, ADV. DIRECTOR

VOGUE • VANITY FAIR • HOUSE & GARDEN • THE AMERICAN GOLFER.

Mr. Bruce Barton
355 Madison Avenue
New York City

Dear Bruce:

The real reason for this letter is not so much to inform you of The American Golfer's recent extraordinary circulation success, but rather, to call your attention to the "persistence of performance" that has characterized the activities of the Condé Nast Publications from the very beginning.

Periodicals, you know, don't "just happen". A combination of favorable circumstances, with a dash of good luck, may sometimes catalyze a single publishing venture into a successful enterprise. But that's a fluke.

When it comes to "four in a row" — the development by the same publisher of a second, a third, and a fourth successful publishing property — then we must look for the presence of fundamental factors; for luck of circumstance which operates here certainly than any mere combination of chance and good luck. We must look, in short, for constant, dependable, inspirational forces.

In these days, when far-sighted advertising executives are searching for ultimate publishing values in which to place carefully advertising appropriations, are you not safer in choosing those publications which have definitely demonstrated not only that they were wisely created, but that they are brilliantly maintained.

In your search for these values, I should like to have you take a look back at the Condé Nast "four in a row" to note the soundness of the editorial formula upon which every one of these four periodicals has been built, and to appraise, by an examination of the issues of the past six months, the vigor and freshness with which, from issue to issue, they are being maintained.

It isn't the easiest thing in the world to judge periodicals solely by looking at them. Surface indications are sometimes deceptive; but when an advertiser ties up his advertising appropriation with a publisher whose journalistic skill and editorial judgment have created "four in a row", the advertiser is basing his selective judgment on two fundamentals—creative force and sustaining power.

I would appreciate it greatly if you would read the opposite page, so that you may refresh your memory as to the origins of these stalwart publications. Then, when you come to the making up of your lists, say I ask you to take into account this "persistence of performance".

Very sincerely yours,

Condé Nast

(Copy of a letter to Mr. Barton, of Barton, Parsons & Coleman)

NOW...THE AMERICAN GOLFER

Golfing magazines have existed in the United States for twenty years. All of them, from the very beginning, including The American Golfer, were obscure and negligible as publishing enterprises, with limited circulations and no advertising recognition beyond the particular classifications that their editorial pages served. But in December, 1928, The American Golfer came under the direction of Condé Nast. Since then, its editorial prestige has developed so amazingly that its circulation has jumped, even in these depression years, from 19,000 to 60,000. This is the fourth job now being done by those constant, dependable, inspirational forces. Briefly, what happened to the other periodicals, as they were brought into the Nast Group, is now happening to The

American Golfer. The Condé Nast Publications, Inc. is not only lifting an old periodical to a new sphere of importance, but raising a whole field of publishing from unimportance. For The American Golfer has already begun to receive from national advertisers the recognition for a golfing paper that Vogue long ago gained for class papers in the women's field; that Vanity Fair gained for class papers in its field; that House & Garden gained for periodicals in the field of building, architecture, decoration, and gardening.

• • •

In these days, is it not the part of wisdom for businesses to tie-up their advertising with the journalistic skill and publishing judgment which have created "four in a row"?

THE CONDÉ NAST GROUP

"The greatest coverage of the class market"

MAKE 1932 CALLS MEAN MORE WITH

Genuine Engraved Business Cards



A GOOD START is half the battle, in sales interviews. And the right start for any call is a Genuine Engraved Business Card. Its crisp, dignified good looks inspire confidence and smooth the salesman's path. Use Genuine Engraving not only for business cards, but also for your stationery, greeting cards and announcements. Each mailing from your office represents you to the recipient . . . make sure that it does you justice!

America's business, financial and professional leaders prefer Genuine Engraving—because it pays. Let this time-honored craft bring new prestige and profits during 1932. Look for this emblem when you order.

WIN THIS AWARD



This \$100.00 Parker DeLuxe Desk Set, suitably inscribed, will be awarded as **FIRST PRIZE** to executive submitting most distinctive Genuine Engraved Business Card used by his firm. Other valuable awards, too! For list of E. S. M. A. members in your city write Engraved Stationery Mfrs. Assn., 250 W. 57th St., New York. Contest closes December 31.

THE MARK OF ENGRAVING  MEANS GENUINE QUALITY

Community Advertising Specialists
Communities served from Fairbanks, Alaska to cities in Florida. Send for questionnaire for tentative survey of your city. Address Dept. C.
Bott Advertising Agency
Little Rock, Arkansas

"Is Bear Market Over?"
Send for free copy
Babson's Reports
and the famous
BABSONCHART
Div. 72-66 Babson Park, Mass.

How's Business

A BOOK of fifty-three short articles

by **MERLE THORPE**, editor of *Nation's Business*. Published by Harper & Brothers, New York City. \$2.50.

An inspirational and analytical diagnosis of American business, including many of the editorials you have clipped from *Nation's Business*.

Pin your check to this advertisement and mail to the publisher.

per cent. Of lines reporting declines, few report as small losses as cigarettes.

The sales at retail given in Table A most naturally reflect the distribution of a vast volume of food stuffs, which must go on even if luxuries are dispensed with.

The record number of bank suspensions in October touched financial circles perhaps more sharply than the wheat market, the more so from the fact that September suspensions had set up large totals also. The banking liquidation was somewhat similar to that recorded in 1924 and other years in parts of the West as the result of competition, frozen loans, etc., and was not due entirely to the low levels of the stock and bond markets. In late sessions of the stock and bond markets, bonds showed relatively greater strength which, judging by old standards, is strictly "according to Hoyle."

Yours Received And Contents Noted

(Continued from page 44)

after the overthrow of the Roman Empire by the barbarian hordes? Was France an economic paradise during the Hundred Years' War? Did the inhabitants of Central Europe appreciate their relatively happy state after the Thirty Years' War? Have I read something of a depression which followed the Napoleonic Conflict? I seem to remember also that the Chartists, like the Communists of today, gathered together the mental misfits for an assault on the established order of society. Granted this depression covers a wider terrain, is the individual misfortune as great as it has been in similar periods in the past? Is it necessary for a man, as soon as he discovers a wart on his finger, as an inevitable consequence to envisage himself in his death throes from cancer?

If you can lessen the discord of the Anvil Chorus you will deserve well of your fellowmen and will hasten the day of recovery.

GEO. NICOL
Montreal, P. Q.

Two telegrams

THE EDITOR:

Colorado Springs vigorously objects to the libelous attack made on it in November issue of *Nation's Business*. Since when has any business public or private been judged solely by its gross revenue. We request you to publish the complete statement of revenue and expense for this city as shown on page 200 bureau of the census report for 1928. Your article entirely ignores the fact that this city of Colorado Springs owns and operated all its utilities with the exception of the street railway. Naturally the per capita revenue collections are high but the cost of operating the general city government including the schools is less than one half of the revenue collected being \$41



A New *National*

Typewriting and Bookkeeping Machine

With important features never before possible in one machine



A National is the easiest to operate of all typewriting-bookkeeping machines. It is the only machine which combines a full typewriting and adding keyboard . . . the very basis of speed and accuracy.

For the first time in the history of mechanical accounting one machine combines all the desirable features of a typewriting-bookkeeping machine. National's new automatic credit balance, new front-feed carriage and other new features complete the picture of the machine business has always wanted. Combined with visibility of all printing, full adding and typewriting keyboards, automatic punctuation and tabulation, these features give speed, accuracy and economy never before possible. Our office in your city will be glad to show you just what they are worth in terms of your own accounting work.

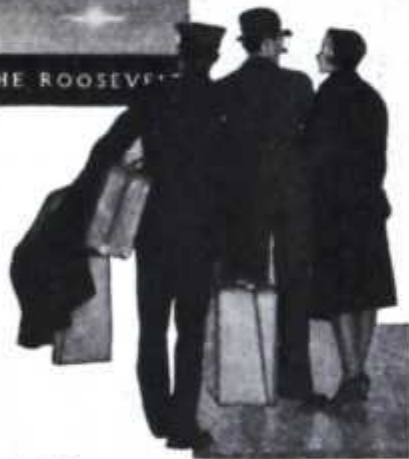
THE NATIONAL CASH REGISTER COMPANY
DAYTON, OHIO

When phoning or writing your local NATIONAL CASH REGISTER representative please mention Nation's Business

WHEN MAY WE MEET Your TRAIN?



THE ROOSEVELT



WE'VE tried hard, but we *cannot* get over our old-fashioned idea of wanting to meet our guests as a proper host should—at the station. So we'll continue to send our porters to meet them when their trains pull in at Grand Central, if they'll let us know the time. We'll escort them, with their luggage, through our very special underground passage leading from the station directly into our lobby... a little thing, to be sure, but it's precisely these little extra attentions that bring people back to us again and again when they visit New York. When may we meet *your* train?

*Our new tariff is thrifty—
it starts at \$4.50!*

The ROOSEVELT

Madison Avenue at 45th Street, New York
Edward Clinton Fogg—Managing Director



When writing please mention Nation's Business

per capita to be exact. What explanation have you to offer for the omission of these vital facts? Am writing you further.

E. L. MOSLEY
City Manager
Colorado Springs, Colo.

THE EDITOR:

Congratulations on your article quote many city governments cost too much and reference to Colorado Springs. Taxes are 30 per cent higher than Denver's. City charter does not protect the people from reckless expenditures. Our city government has taken advantage of this fact.

J. HERBERT PRATT
Editor of Common Sense Weekly
Colorado Springs, Colo.

Tax publicity

TO THE EDITOR:

I suggest that a practical and effective method of showing individuals what taxation costs them personally would be to have public utility companies note on their bills to customers the approximate percentage of the amounts which represents taxes.

If railroad freight bills, transportation tickets, telephone bills, and electric service bills all showed such information, is it not logical to suppose that the public would soon become interested in tax spending methods?

ROY M. BAKER
Chisholm, Minn.

"Damn The Chains"

TO THE EDITOR:

Our board of directors was very much impressed with a recent advertisement in the Wall Street Journal which bore the caption "Damn the Chains."

They feel that so forceful a presentation of sound common sense may well be placed before the thousands of people whom it is our business to serve.

It is at their behest, therefore, that I ask your permission to reproduce, as the main feature of one of our regular advertisements in the local newspapers, the caption, illustration and editorial matter accompanying this splendid piece of work.

EDWIN M. KALE
Advertising Manager
The Fisher Bros. Co.
Cleveland, Ohio

The Same Spooks Haunt Every Panic

(Continued from page 37)

1879 and 1885, but in one period the return to specie payments was itself the cause of revival and in the other a wide variety of undertakings was going on. The depression of 1930 and 1931, worldwide in its manifestations, will come to its close for reasons equally general, though certain industries will ride the crest of the wave as some industries always do.

Small companies fare well

I SUSPECT it is also a fallacy of depression that the big companies are more likely to survive than the smaller ones. I know of no satisfying statistics on this subject, but any casual sampling is likely to show that the little fellows do at least as well. In Cleveland a year ago an unemployment commission found that, of 265 concerns, the establishments with normally 50 or fewer employees were running 83 per cent of capacity; those with between 50 and 100 employees at 78 per cent and those with more than 100 employees at 70 per cent.

It would be difficult to prove that even in the automobile industry today the big companies have a permanent advantage, if one includes the parts industry. As for steel, the physical size of the equipment makes for financial bigness, but even here the large corporations hold the price and wage umbrella over the small. Depressions are the winters which keep corporate trees from reach-

ing the sky. In the spring, which always comes, the saplings grow more rapidly than the mature trunks.

As for agriculture, the control of prices was attempted in China while Julius Caesar was emperor in Rome. The constantly normal granaries of the Chinese were so successful, in fact, that the population increased until it cancelled out the advantages. Something very close to the modern belief that too many are trying to make a living at farming was expressed in 1856 by Francis Bowen, the American economist. He complained that the agricultural surpluses kept prices so low that farmers could not buy from the cities. He suggested that half of them should be induced to go into manufacturing. He neglected to mention a way of doing it.

It is not so much that many of these suppositions regarding agricultural or industrial or general depression are false, as that they are repetitious. We have heard them before. We hear them in every depression, and we have recovered from every depression but this one. We have recovered without consciously applying any of the remedies they suggest. We have never taken half the farmers off the land, we have never reduced hours simultaneously, we have never decided to cease overproducing, and yet every glacial period has been succeeded by a temperate climate. So, too, will this one be, and, I suspect, without the application of the remedies we have talked of and never actually used.

For Almost Fifty Years

THE WALL STREET JOURNAL

Has Been the Authority
On Business and Finance

From each succeeding change in the business cycle The Wall Street Journal emerges with a greater prestige among those executives of affairs who appreciate the value of the fundamentals of business and finance.

The Wall Street Journal is not satisfied with just "news"—it must be creative "news"—it must be "news" which establishes facts in relation to other facts.

It develops situations not mere "events."

And so The Wall Street Journal maintains the world's greatest business and financial news staff.

May we suggest The Wall Street Journal to the manufacturer or producer—the engineer or advertising agency—who must reach with advertising the executives of affairs.

THE WALL STREET JOURNAL
NEW YORK

Western Financial Office, Board of Trade Building, Chicago, Ill.

Western National Office, 180 No. Michigan Avenue, Chicago, Ill.

FINANCE SERVICE

near at hand as your phone



In more than 140 cities in the United States and Canada the C. I. T. organization maintains a complete financing unit, ready to give instant service to manufacturers and merchants who do a credit sales business.

The quality of Finance Service which C. I. T. stands for has a twofold purpose. It first provides a source of self-liquidating, long term credit to help keep working capital liquid. This is an essential money service—never more important than in periods of credit uncertainty—but many clients tell us they derive as much or more value from C. I. T.'s on-the-ground credit and collection aid.

They find that our system of Local Offices makes possible speedier, more dependable service in checking credits, making collections, and attending to instalment detail. They achieve a high standard of results—with a minimum of overhead—by sharing in the use of C. I. T.'s nation-wide facilities, which no company, however large, could afford to create and maintain for its own sole use.

As a banking institution specializing in service to those who sell goods on credit, C. I. T. is now cooperating with leading producers and distributors in the marketing of more than 80 types of products. Send for the C. I. T. representative in your territory to advise you, without obligation, on any phase of time payment selling.

BANKERS TO INDUSTRY
EVERYWHERE

**COMMERCIAL INVESTMENT TRUST
CORPORATION**

Executive Offices One Park Ave., New York

Subsidiary Operating Companies with Head Offices in New York
Chicago—San Francisco—Toronto—Completely Functioning Local
Offices in the Principal Cities.

CAPITAL AND SURPLUS OVER \$90,000,000



What Wall Street Is Talking About

By MERRYLE STANLEY RUKEYSER

THE corrective and socially useful phase of the business readjustment has long since been passed and any further general deflation is mainly destructive in character. Accordingly, it becomes the duty of leadership in the large, and particularly of central banking agencies, to adopt monetary and rediscount policies which will check further contraction and in fact set into motion counter-deflationary influences.

Fortunately, in responsible quarters there is coming to be a larger recognition of this crucial need. The abandonment of the gold standard in Great Britain was a major counter-deflationary development. By a single stroke, it lifted from the world's price level one of the most chronically depressing influences and may well mark the beginning of the end of the world depression. An immediate effect of the depreciation of the pound sterling was a turn in British commodity and security prices. For example, in the month ending October 16 an index number of 18 leading British common stocks rose 35 per cent. Internationally, the efforts at *rapprochement* between Germany and France and between France and the United States have helped clear the air.

At home the Hoover relief program is beginning to find the barriers to re-

covery, and machinery has been set up to remove them. Conspicuous in this development has been the launching of the National Credit Corporation, the 500 million-dollar pool which will bring relief to solvent, but frozen banks. The effect of the relief operations of this Corporation, if successful, will be counter-deflationary in character. It will free frozen assets and liberate them for useful purposes in the direction of financing trade and agriculture.

The tremendous pressure against the domestic commodity-price structure has come not only from a vast decline in the volume of deposit currency, but also in an equally restraining decrease in the velocity of turnover of credit. This may be a rather technical phase of the situation, but it goes to the very heart of the troubles which have unbalanced production and consumption and thrown business into uncertainty and retrenchment.

The price structure is affected not only by the physical volume of money and credit, but in the desire of the public to make use of such money and credit as are available. A decline in the velocity of turnover of bank deposits, which constitute the chief medium of exchange in a country like the United States, has the same dampening effect on prices and on business initiative as a

contraction in the volume of currency itself. The widespread hoarding of gold and currency, running in excess of a billion dollars, and the slow turnover of bank deposits mean that our money and credit, like our man power, have been to a large extent unemployed.

THE need of the times is to develop the will and the confidence to make fuller use of America's rich endowment in gold and in credit resources. It may be that a vast federal public works program will be necessary to turn the tide, and yet some believe that a change of heart on the part of private business executives will be enough. At any rate, the financial and economic resources are abundantly available to be utilized and when executives tire of remaining pessimistic and the tides move in the opposite direction, the rate of change may be far more rapid than is commonly anticipated. When the hoarded slacker dollars come back to work, the change in the economic tempo may well prove mercurial and surprising.

In the fall of 1929 there were numerous excesses which obviously needed to be corrected. Before they had been corrected, mere psychology and optimism were not enough to sustain business. But now that the situation has been corrected and, in my opinion, vastly over-corrected, an improvement in sentiment and purposeful planning by business leadership can at this time influence the timing and tempo of recovery.

In my opinion, one of the most candid and most admirable presentations of the economic situation was that recently made by the Committee on Employment Plans and Suggestions of the President's Organization on Unemployment Relief—the committee headed by Harry A. Wheeler, of the First National Bank of Chicago, a former president of the



Directors of the National Credit Corporation are (left to right, seated) Daniel G. Wing, George M. Reynolds, Mortimer N. Buckner, Walter W. Smith, (standing) Arthur E. Braun, Edward W. Decker, Livingston E. Jones, John M. Miller, Jr., W. S. McLucas, Frank B. Anderson, John K. Ottley and Nathan Adams

FREE

this guide to new record-keeping efficiency



HERE'S a book that will help you systematize your business—cut operating costs and increase profits now when greater record-keeping efficiency is important. Contains life-size Bookkeeping forms, completely filled in, illustrating uses. Shows simplest methods being used by 300,000 leading firms. Practical for office, factory, business or profession. Write on your business stationery and receive your **FREE** copy by return mail. No obligation.

JOHN C. MOORE CORP., Est. 1839
6132 Stone Street, Rochester, N. Y.

Fill in Coupon, Attach to Letterhead, and 140-page Book Will be Sent you **FREE**

Name _____
Business _____
City _____ State _____

Largest and Leading Southern California Bank



SECURITY-FIRST NATIONAL BANK OF LOS ANGELES

The Department of Research and Service of Security-First National Bank is prepared to furnish detailed information regarding any line of business, whether commercial, agricultural or industrial, of Los Angeles or Southern California.

Once a month the Department publishes a Summary of Business Conditions in the economic area served by the Bank. This review covers agricultural conditions, wholesale and retail trade activity, the situation in banking and the securities markets and the major industrial activities of the region. This is mailed free upon request.

HOME-STUDY BUSINESS TRAINING

Your opportunity can never be bigger than your preparation. Prepare now and reap the rewards in earlier and larger success. Free 64-Page Book Tells How. Write now for book you want, or mail coupon with your name and address in margin today.

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| <input type="checkbox"/> Mod. Salesmanship | <input type="checkbox"/> Business Corres. |
| <input type="checkbox"/> Traffic Management | <input type="checkbox"/> Credit and Collection |
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| <input type="checkbox"/> Railway Accounting | <input type="checkbox"/> Commercial Spanish |
| <input type="checkbox"/> Paper Salesmanship | <input type="checkbox"/> Effective Speaking |

LASALLE EXTENSION UNIVERSITY
Dept. 12374-R Chicago

Chamber of Commerce of the United States. Conclusion Number One was especially fraught with inspiring common sense. It said:

"The American people must be brought to realize that by restricting purchases to bare necessities at this time, they are further decreasing the volume of business and spreading the catastrophe they so attempt to avert. . . .

"The manufacturer and the distributor who curtails operations in anticipation of decreased business, insures such decrease; the capitalist and investor who practices unnecessarily rigid economy through fear of further loss of income, by his action contributes to decrease the value of his investments and the income derived therefrom; the worker who curtails expenditures to bare necessities for fear that his employment may be temporary, contributes definitely to the loss of his job.

"Normal buying as herein used, does not mean extravagant buying, but only the use of available resources for purchase of needed goods in the replacement of which labor must be employed.

"No suggestion for resumption of normal buying will be effective nor receive general public support unless accompanied by action tending to instill confidence that employment will be normally available.

"This is not to be construed as advocating guaranteed employment but rather the exercise of a strong faith that there are influences at work giving promise to aid in the upturn."

INCIDENTALLY, the same Committee, appointed by the Administra-

tion, supported the viewpoint recently set forth by Alfred E. Smith, titular head of the opposition party, to the effect that the national emergency justified extraordinary measures to save time in pushing public works by cutting through the routine red tape.

PERHAPS an equally important message was recently expressed by Clarence Francis, vice president of the General Foods Corporation, when he returned to New York from a business trip covering 15 states.

"The depression," he said, "has even hit the supply of funny stories. I noted a lack of that spontaneous humor and comradery which characterized meetings of business men in other and happier years. A revival of the great American sense of humor will hasten the return of prosperity. Let us put an end to this moratorium on jocularity."

NATURE, as Oscar Wilde observed, frequently imitates art. It has done so during the depression. An alien philosopher recently called upon me to solicit aid toward launching his book manuscript dealing with an attack on materialism. I suggested that he try the regular book-publishing channels, but he insisted that the routine readers would be unable to recognize his talent.

In leaving, he asked me—a stranger—whether I could spare a dollar for him. I put my hand into my change pocket, and took out all there was in it. Offering 45 cents apologetically, I asked whether that would help him any. He took the coins, held them a mo-

Where Business Will Meet in December

DATE	ORGANIZATION	CITY
1	American Association Creamery Butter Manufacturers	Chicago
1	American Institute of Weights and Measures	New York
1	Iowa-Nebraska Cannery Association	Cedar Rapids, Iowa
1	National Association of Marketing Officials	Chicago
1-3	National Glass Distributors Association	Pittsburgh
2-3	Mirror Manufacturers Association	Pittsburgh
3	American Acceptance Council	New York
3	National Dairy Association	Chicago
3	National Society of Live Stock Record Associations	Chicago
3-4	National Broom Manufacturers Association	Chicago
4	Eastern Lumber Salesmen's Association	Philadelphia
4-5	American Association of Textile Chemists and Colorists	Boston
4-5	Chamber of Commerce of the United States of America	Spokane, Wash.
4-5	Ohio Hotels Association	Cleveland, Ohio
4-5	Oregon State Hotel Association	Portland, Oregon
5-10	National Exposition of Power and Mechanical Engineering	New York
7-10	Mason Contractors Association of the United States and Canada	Milwaukee, Wisconsin
8	American Fur Merchants Association	New York
8	Illinois Manufacturers Association	Chicago
9	Granite Manufacturers Association	Barre, Vermont
9	Massachusetts Wholesale Lumber Association	Boston
9-10	Missouri Association of Ice Cream Manufacturers	Columbia, Mo.
14	Mountain States Honey Producers Association	Boise, Idaho
15	Alabama-Florida Turpentine Producers Association	Pensacola, Fla.
25	National Association of Accredited Commercial Schools	Chicago
31	Farmers National Grain Dealers Association	Chicago

Secretaries of national trade associations are urged to notify Nation's Business of their coming meetings. Notice of conventions should reach Nation's Business at least 30 days before date of publication of the issue in which they are to appear.

Giving the family a clean bill of financial health

CURE the family's financial ills, as scientifically, as conscientiously, as a physician works to restore the family's health. . . . That is the responsibility of the family finance business, as its leader, Household, views it.

. . . THIS organization has never considered the small loan as a patent medicine, a cure-all for economic ills. A financial doctor, licensed by the state, it diagnoses the family's money troubles and suggests the best remedy, whether or not it entails the making of a small loan.

. . . HOUSEHOLD has sponsored a widespread campaign to encourage families to pay their bills; it helps them to get out of debt; it advises with them on ways and means to keep out of debt; it publishes and distributes widely the booklet "Money Management for Households" that counsels as soundly on the budgeting of the family's income, and its wise expenditure, as authoritative books on health advise on the family's physical well-being.

. . . THIS is not philanthropy. It is not even unselfishness. The responsibilities of the Household Finance organization have grown far beyond the making of a few scattered loans. Last year, Household served more than 330,000 families. Its 147 offices in 89 principal cities will serve even a larger number this year.

. . . TO THESE families, amounts up to \$300 have been loaned, without the requirements for bankable collateral, without cosigners, and without investigations among the family's friends, employers, creditors, or landlords.

. . . THE only physical security asked is household goods, which are seldom negotiable. The only



signatures asked are those of husband and wife. The chief security is the financial soundness of the family and its ability to repay the loan as it works its way out of debt.

. . . WHEN the American family's economic ills become aggravated, Household's security suffers. Consequently it is business, good business, for Household, with its hand on the pulse of hundreds of thousands, to fulfill intelligently its obligation as financial doctors to American families.



MONEY MANAGEMENT FOR HOUSEHOLDS, a helpful booklet on budgeting family income, leading to the happiness of financial security, is offered without charge to all. Telephone, call, or write for a copy.

HOUSEHOLD FINANCE CORPORATION . . .

Headquarters: Palmolive Building, Chicago, Illinois
 . . . (147 Offices in 89 Principal Cities) . . .
 (Consult your telephone directory for the office nearest you) . . .

NBC

You will enjoy the Household Hour, with Adolphe Dumont directing the Household Orchestra—one of the finest on the air—and the Household Singers, featuring Alice Mock, soprano. Every Tuesday evening, 9 P. M. Eastern Standard Time, on NBC Blue Network.

Consuming Consumer Indebtedness . .

Paradoxically enough, it is the country's foremost personal loan company, Household, which encourages families to get out and keep out of debt. Thus Household's temporary help in enabling families to pay their bills becomes of permanent value to those families and, in the aggregate,

to the entire nation. This advertisement, appearing in leading newspapers, is one of a series informing millions of the activities of Household. For further information, watch for Household's advertisements, or write to Dept. N10, Household Finance Corporation, Palmolive Building, Chicago.



Dear Jim:

This isn't Mrs. Bob. It's me under a Costa Rican palm! I'm turning into a long-haired poet down here in this Crusoe country. Never saw such colors. Imagine a whole jungle of orchids! That's just about what we had out of Limon on the way up. Most beautiful mountain ride I ever saw. Feeling fine. Marvelous climate here in San Jose. And this new Gran Hotel is something to write about - it's no wonder that Costa Rica's proud of it.

Drop a line to the United Fruit Company - I forget the address* - and get the dope on their cruises to the Caribbean and West Indies. Do it before you get any older.

Bob

(*How could he? It's Pier 3, North River, Dept. J, New York, N. Y.)

GREAT WHITE FLEET

Three sailings weekly from New York and New Orleans.

Cruises from New York 18 to 22 days —\$145. and up.—From New Orleans 10 to 16 days—\$100 and up.

N. B. Of course he raved. Bob was one of the happy fortunates on that de luxe Costa Rica Cruise. Stops at Miami; Havana; Port Antonio, and Kingston, Jamaica; Panama Canal Zone; and Costa Rica. \$225. and up.



Anchors Aweigh! The S. S. Talamanca, first of our six new ships, will make her maiden trip from New York to San Francisco late in December. Stops at Miami, Havana, Kingston, Panama Canal, and Los Angeles. Write for details.

ment, and then returned them, saying:

"I have this much, but I haven't got a dollar."

He was unwittingly reenacting the story about the beggar who stopped in an office and asked for a dollar. The head of the firm said to him, "My good man, if you asked for a quarter instead of a dollar, you would get further."

To which the uninvited guest replied, "Are you telling me how to run my business?"

BUSINESS in consumption goods is vastly better than in durable production goods. Accordingly, New England, which specializes in consumption goods, especially textiles and shoes, has been relatively better off than other parts of the country. The worst depression has been in the heavy industries. They have been suffering from the subnormal character of the barometric automobile and building-trades industries.

President Hoover has undertaken to stimulate the building trade by means of a housing conference which will be held in Washington this month. The construction industry in general seems sicker than the automobile trade and is less likely to give the initial impetus to general business recovery. Although there has been overbuilding in various directions, especially in high-priced apartments, hotels and office buildings, there does seem to be opportunity to build improved homes for men of modest income. This opportunity for sound economic and social development will be stressed at the conference.

As for the automobile industry, it is hopeful that it will lead the country out of the depression, and the industry is preparing to make an unparalleled drive against the apathy of the consumer, beginning with Automobile Show Week, January 9 to 16, in New York. Never before have so many manufacturers planned to present at one time changed models in an effort to break down consumer resistance. The changes this time, I am informed, will not be merely in frills and in color and design, but in fundamental mechanical features.

Richard H. Grant, vice president in charge of sales of the General Motors Corporation, indicated that his company intends to increase its advertising and sales appropriations and this seems to be the intention of the other leaders of the industry. I have been told by a number of the other important manufacturers that they intend to increase their advertising and sales efforts.

Statistically, the public is undersupplied with automobiles. Old cars have

been used far longer than they would have been under normal business conditions. The public has not stopped riding, as the gasoline consumption figures indicate, but they have postponed replacement of old cars with new. Accordingly, there is developing a vast pent-up demand which may have an important bearing on business in the near future.

The automobile industry led the way out of the depression in 1907, in 1914 and in 1921. It may well do so again.

IS THERE any sentiment in business? Apparently there is. An elderly lady entered a brokerage office in New York with securities for which she had originally paid \$48,000.

She asked what they were worth now. The broker told her she could get about \$4,000 for them. He suggested that she sell them, as they were no longer sound investments. She refused, however, saying:

"If I sell them, some person less able to stand a loss than I may buy them. I will hold on to them and suffer further loss myself rather than victimize some one else."

THE DEPARTURE of a dozen countries from the gold standard makes the foreign-exchange business more exciting and, since fluctuations are wider, the opportunities for profit have increased.

Accordingly, a number of individuals who were formerly in the foreign-exchange business but who retired when fluctuations were narrow while all principal countries were on the gold standard, have returned. Among these is Bernhard Duis, vice president of the National City Bank. He is credited with having made as much as ten million dollars profit in sterling transactions for his bank in one year before the return of England to the gold standard in 1925.

THE EUROPEAN criticism that the National Credit Corporation, suggested by President Hoover, involves inflation, is a far cry. At best, it is an organized effort to offset and check ruinous deflation and to initiate counter-deflationary measures.

It involves nothing like inflation in the pathological sense in which Europe seemed to understand the economic term after the war. Though it may help to promote some expansion and subsequent increase of velocity of credit turnover, it involves no pathological inflation. American banks and the Federal Reserve System could expand a great deal



THE WORLD IS YOUR MARKET

▲ ▲ ▲ ▲ ▲ ▲ ▲ ▲

WITH FAR-FLUNG TRANSPORTATION LINES

HERE ARE:



4

Transcontinental Railroads



7

Airway Lines



119

Steamship Routes

*To assemble raw materials
To distribute manufactured goods*

PUGET SOUND ports are at the cross roads of world traffic. Through this gateway lies the path of great possibilities for future development.

Beyond Puget Sound is the Orient with its awakening millions and Alaska with its untold wealth, scarcely touched. On Puget Sound are America's nearest ports to these gigantic markets. Already these ports outstrip all others on this continent in the amount of trade with the Far East and Alaska.

Coupled with this strategic location, the wealth of Western and Central Washington is estimated close to 5 billion dollars. Natural resources of vast timber areas, water power, coal, limestone, clay, ores, fish and fertile lands give this rich empire all the factors that go to make a thriving industrial and agricultural territory.

In extraordinary degree this state has the fundamental elements necessary for

profitable industrial enterprises — cheap electric power, abundant fuel, ideal climate—where labor is as much as 20% above the average in efficiency — advanced transportation facilities, pure sparkling water and a prosperous population having high standards of living.

In times of stress men of vision plan to meet keener competition, plan to increase efficiency of production and distribution, seeking new fields, new outlets for their wares. Successes of future years are in the making right now. We know you can profitably study this rich territory with its natural advantages and splendid transportation facilities.

Western and Central Washington present sound opportunities for many industries large and small. Get the facts as they apply to your business. Write to the industrial department of the Puget Sound Power & Light Company or any local Chamber of Commerce.



PUGET SOUND

Power & Light Company

SEATTLE, WASHINGTON

Offices also in BREMERTON, BELLINGHAM, CHEHALIS, EVERETT, TACOMA and WENATCHEE

A Christmas GIFT



For the Man Who Works with You or for You!

AMONG your business friends or associates, there is a man who enjoys the same kind of reading and mental exercise you yourself enjoy.

Or among your employees, there is a man ambitious to get all the facts and information he can from outside sources to help him in his work.

You want to remember this person at Christmas time with a man's gift. We suggest a Nation's Business subscription.

Every Christmas several hundred gift subscriptions are entered by business men for their friends. Most of the men who receive these subscriptions renew upon expiration—thus showing that they appreciate the giver's choice.

Fill in this coupon and mail it today. Then you will be able to check off your list some of the names you thought were going to be the hardest for which to find something suitable.

MAIL TODAY. DO NOT DELAY

NATION'S BUSINESS, Washington, D. C.

Please send Nation's Business, beginning with the January 1932 issue, to the name and address listed below, and send the bill to me, I've checked at the right the term of subscription desired.

ONE Year	TWO Years	THREE Years
\$3.00	\$5.50	\$7.50
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SUBSCRIBER _____

ADDRESS _____

NAME OF DONOR _____

ADDRESS _____

NOTE: Please list any further subscriptions you desire to enter on a separate sheet of paper. On Christmas morning your friend will receive a personal letter from the editor of Nation's Business notifying him of your gift.

without beginning to approach the limits of safety imposed by the legal reserve requirements or by long-term banking experience. Only a spirit of panic or of vicious propaganda could so misinterpret the function of this relief agency.

At this writing, arrangements have been about completed for the subscription of capital for this new corporation and for the setting up of loan committees among the affiliated associations in the 12 Federal Reserve Districts. In the New York district, for example, the task of dealing directly with needy banks has been delegated to 13 subsidiary operating associations. This decentralization will apply the principle of home rule and local expertness to judging individual applications for loans. Solvent, though frozen, banks which are members of the Corporation will be able to get advances on sound assets which happen to be ineligible for rediscount at the Federal Reserve System.

IN MAKING final decisions on loan applications, the central organization in New York will be influenced largely by the recommendations of local associations. Each local association has formed a loan committee of bankers which will pass on the solvency of banks seeking accommodation and will also appraise their financial positions. It will then decide whether the bank is entitled to aid and whether it has collateral available of the type that is acceptable to the National Credit Corporation.

If the loan committee decides in the affirmative, it will submit a note for the amount of the loan involved, signed by the association itself and accompanied by a similar note by the borrowing bank, which will be further buttressed by collateral. In case of default, the National Credit Corporation will be in position to liquidate the collateral and if this is inadequate to pay off the loan, it will have redress from the borrowing bank itself and if that is not enough, it can go to the association and hold the members financially responsible on a *pro rata* basis.

The National Credit Corporation was formed under the laws of the State of Delaware with a nominal capital consisting of 12 shares of capital stock with a par value of \$100 each. It has derived its loanable funds by selling its notes which will run one to three years to member banks who have pledged to contribute an amount equal to two per cent of their deposits.

The National Credit Corporation is



This country never cries

"ENOUGH!"

THIS winter thousands of men and women will face circumstances that look too big for them.

These people are the backbone of our industrial and commercial life. They're calm—not panicky. They know that this is just another battle—but a little stiffer, perhaps, than most they've faced before.

They deserve your help.

President Hoover has appointed an organization on Unemployment Relief. It is organized to support local relief groups in obtaining funds to help those who need help during this world-wide emergency.

A proud spirit of self-dependence is an American tradition. But so also is the American readiness to rally to the aid of a brother in distress.

Give what you can. Give *more* than you think you should. The money you give helps preserve that

spirit from which has sprung the highest standard of living the world has ever known.

No cause has ever deserved your support more than this one. When your local relief organization appeals to you for aid, remember that every dollar you give not only provides needed food and warmth and shelter, but also helps to keep American courage high and lay the foundation for better days.

The President's Organization on Unemployment Relief

Walter S. Gifford, Director

Committee on Mobilization of Relief Resources

Owen D. Young, Chairman



The President's Organization on Unemployment Relief is non-political and non-sectarian. Its purpose is to aid local welfare and relief agencies everywhere to provide for local needs. All facilities for the nation-wide program, including this advertisement, have been furnished to the Committee without cost.

GALVESTON EFFICIENT SOUTHWESTERN GATEWAY

Here's why



CO-ORDINATED—Central management since 1854 harmonized all activities. Port facilities tie in together and function as a unit. Single control of transfer, warehousing, financing and shipping eliminate waste . . . saves time. Centralized control means efficiency.



COMPLETE—Terminus of five trunk-line railroads serving the Southwest. Regular service to major ports. Grain elevator capacity 9,000,000 bu. Modern equipment for handling all cargoes with speed and safety. Covered storage area, 5,000,000 sq. ft. Concrete, sprinkler-protected warehouses—low insurance rates.



EXPERIENCED—Texas' oldest port, backed by a century of shipping practice. Ample facilities to speed the movement of export, import and domestic commerce. Seasoned traffic men and freight forwarders. Galveston loading and unloading records stand unchallenged.



STRATEGIC—The "quick door" to the Southwest, yet close to Latin America and the Panama Canal. An open port, with year-round mild climate. A splendid terminal arrangement, where tracks skirt the city. No congestion. One switch—one hour—from yards to shipside.



"AMERICA'S PORT OF QUICKEST DISPATCH"—Located on an island. Ships reach the open sea in less than an hour. This efficient port enables shippers to give better service to and from the Southwest. Write for more facts. The "Shippers' Digest," useful port organ, is free. Address the Chamber of Commerce, or the Galveston Wharf Company, Galveston, Texas.

Consider this pivotal city as a manufacturing or distributing point



The South's finest shipside warehouse. Fireproof!

Port of GALVESTON

When writing please mention Nation's Business

a weapon for mobilizing the great and unparalleled banking strength of the United States and making it available for needy, frozen banks which otherwise might be denied help because of technicalities in the Federal Reserve Act, which restricts the succor-giving activities of the Federal Reserve Banks. By making frozen assets liquid, the Corporation tends to improve the strength of banks and tends also to encourage the banks to be more liberal with their commercial customers, especially the smaller clients. In this connection, the Wheeler Committee, in its report, referring to the trade restricting policies of frightened bankers, said:

"Restrictions and requirements which ordinarily would be justified and would represent 'good banking practice' under the special conditions of today deserve broad and generous consideration.

"Extension of existing loans and commitments for the future should be determined not alone upon the showing made by recent or current operating reports, but also after consideration of the broad underlying conditions, the average record of the enterprise over an extended term of years, the character of the borrower and the needs of the community.

"Imposition of strict limitation upon banking accommodation reacts with multiplied force through successive strata of industry. The final effect of the calling of a loan is not found in the resulting shutdown of a local plant employing a few score workers, even when the aggregate economic cost of their removal from the ranks of consumers is estimated. The echo of that cost and of the stoppage of demand created through operation of the enterprise reverberates throughout the entire national industrial fabric."

IF THE central corporation approves a request for a loan, it will advance to the association the amount of the loan and the association in turn will advance the funds to the borrowing bank.

Mortimer N. Buckner, director of the National Credit Corporation, said that banks all over the country were heartened by the progress which had been made in forming this relief agency.

Heretofore, large, strong city banks had been carrying on similar relief work for their correspondents but there was no commitment to do this work indefinitely. The banking pool, on the other hand, definitely sets aside a large sum for the continuance of such relief work, and it also assures the strong banks that

if they themselves should be subjected to unusually heavy withdrawals, they can quickly get aid in addition to the cash which they can draw through the channels of the Federal Reserve.

ON SEPTEMBER 21 the British Government relieved the Bank of England of the necessity of selling gold at a fixed price in accordance with the Gold Standard Act of 1925. This resulted in temporarily taking Great Britain off the gold standard and in necessitating that other continental countries on the gold exchange standard, which kept part of their reserves on deposit in London, follow Britain's example.

Great Britain is now on an inconvertible paper money standard, such as France, Italy, Belgium and Germany were on after the war. Great Britain, with its superior banking brain and with its plan for better political management, has the situation much better in hand than continental countries did after the war, however.


The net effect of the monetary change was to reduce the real value or purchasing power of British bank notes and bank deposits and this was promptly expressed in higher prices measured in sterling for commodities and securities. This gave British industry a temporary impetus. Business men were no longer frightened by the spectacle of falling prices which threatened to efface profits. Overnight England became a more attractive place for foreigners with dear money to buy in, and a less attractive place for foreigners thinking in terms of gold to sell merchandise in.

The step away from the gold standard was a terrific blow to the London money market, which for a generation had been the chief depository of surplus funds of individuals, companies and governments in all parts of the world. It was usual for foreigners to keep funds on deposit in London because of the ability and willingness of the British to pay out gold on demand.

England tried to maintain that prestige long after real economic conditions had ceased to warrant such a policy. At least England takes satisfaction in the fact that it did not abandon gold until there was a run on the London money market and such action was forced. Nevertheless, the blow to the British prestige has taken place and to a large extent the financial center has gravitated to New York and to Paris.

Paris, incidentally, has taken the bulk of the more than 600 million dollars in gold which has been drawn out of the

A Gap That Cannot Be Filled




If for any reason a Boston Transcript reader fails to obtain his Transcript, there is a gap in his day that cannot be filled. Unlike the readers of other newspapers, he cannot accept a substitute which is essentially a duplicate of his regular paper.

For the Boston Transcript is unique. Unique in typography and tone. Unique in breadth of its horizons. Unique in its presentation of world affairs, of business and financial news, of social events, drama and the arts.

And it follows, of course, that Transcript readers constitute an unusual group in Boston. Obviously, they must be persons of good salary—of good investment and business income—men and women with an accumulated reserve—with experience enough to know what reserves are for. They maintain their standards of living; they continue their buying habits; they realize that under current conditions they get more for their money than in normal times; and that normal times will again increase their reserves.

Probably every paper has in its circulation some of these steady buyers. In Boston, the greatest concentration of them is in the circulation of the Boston Evening Transcript.



Boston Evening Transcript

CHAS. H. EDDY CO., National Representative
247 Park Avenue New York

"We oughta JAIL the SPECULATORS!"

Let's take seriously these gentlemen who cry, "Jail the speculators!" Let's throw all speculators behind the bars. Where shall we begin? Who *are* the speculators?

It's a fallacy to suppose they all operate in organized exchanges. It's a fallacy to picture them as mysterious gamblers who "buy futures" and "sell short."

Speculation is not the privilege, the prerogative, or the peculiar practice of high finance. Soberly studied risk is a decisive element in all business, and we must all take it. Speculation touches every man in practically every venture.

You decide to insure your life or your house and you buy a speculation. The company which insures you, sells you one. Every ship at sea — almost every automobile — carries a speculation and leaves one behind.

Farmers speculate when they fertilize and plant land, or raise live stock. The merchant who contracts to fill his shelves for the coming season is speculating. The manufacturer who sells him speculates on the raw materials, the labor, the looms and spindles necessary to make deliveries. In the South the grower of cotton, and in Australia the grower of wool, likewise speculates on the price at which he may sell to the manufacturer.

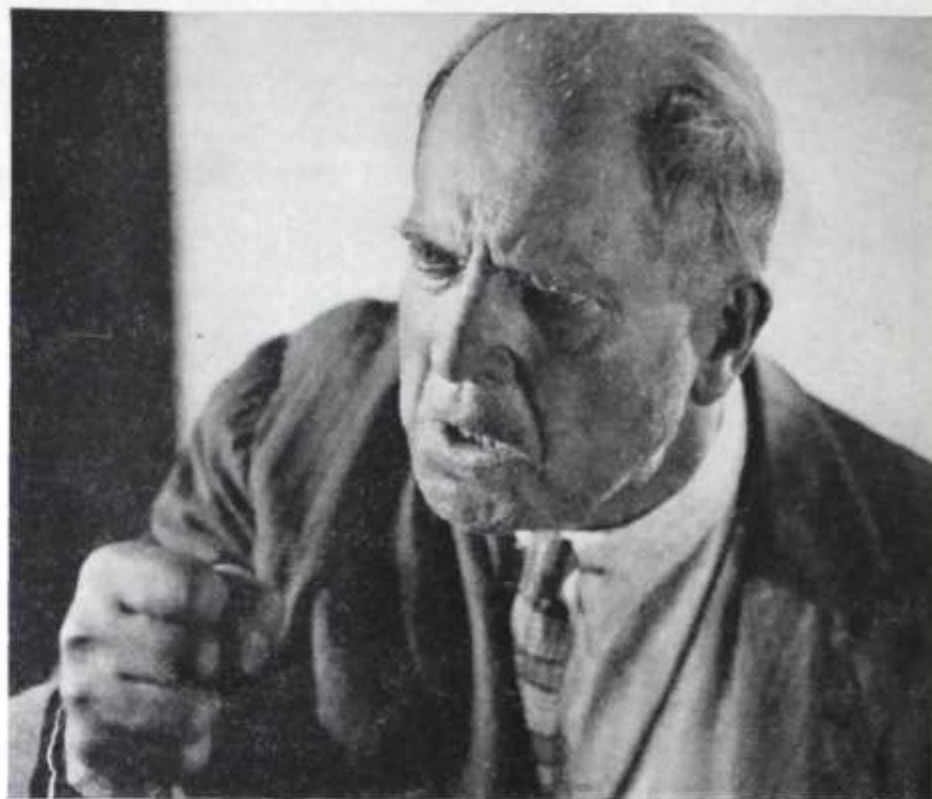
Ours is truly a speculative

★

WHAT POPULAR FALLACY MISREPRESENTS YOUR BUSINESS

Every industry, every business, has its popular misunderstandings: real estate, construction, farming, advertising, retailing. Write me personally of yours. They will be discussed currently in *Nation's Business* and, through the courtesy of the National Broadcasting Company, over a nation-wide radio hook-up.

MERLE THORPE, Editor.



★ POPULAR FALLACIES OF BUSINESS ★

society, and through long evolutions we have become able to transfer certain speculations to people who specialize in assuming them. They are legitimate business men who serve a useful, economic purpose. To jail *them* would not remove speculation; it would merely transfer it to somebody else, often less capable of assuming it. To jail *all* speculators would mean we'd all go to jail.

What speculation needs is what many of the other activities of modern business need — to have

their service and importance better understood. That's where *Nation's Business* fills a purpose, and has filled it for twenty years.

Nation's Business is the only publication whose field is to interpret business — not only speculation, but the little understood phases of manufacturing, merchandising, finance, accounting, insurance, advertising, research.

No matter what your business, you need *Nation's Business*. The subscription price is \$7.50 for three years.

A hint to advertisers: The men who read Nation's Business make up the country's business and executive market!



NATION'S BUSINESS

300,000 CIRCULATION • ON NEWS-STANDS 25 CENTS
PUBLISHED MONTHLY AT WASHINGTON
BY THE UNITED STATES CHAMBER OF COMMERCE

New York money market since September 21. Paris is the greatest gold hoarder in the world today and has more gold *per capita* than even New York.

The net effect of the depreciation of British currency has been to cut down the real value and the real burden of the dole, to reduce real wages in England, and to cut down the real value of all British internal debt expressed in terms of sterling. It does not affect the value of Great Britain's external debt, payable in dollars. As an offset to the benefits, the new monetary policy also depreciates the value of British income from debtors in Latin America, Australia and elsewhere where those debts are expressed in terms of sterling.

A near-term effect of the new monetary policy has been a revival in some of the British industries.

Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of Nation's Business, published monthly at Greenwich, Conn., and Washington, D. C., for October 1, 1931.

City of Washington, County of District of Columbia, ss, Before me, a Notary Public in and for the State and county aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the Editor of the Nation's Business and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the U. S., Washington, D. C.; Editor, Merle Thorpe, Washington, D. C.; Managing Editor, J. W. Bishop, Washington, D. C.; Business Manager, J. B. Wyckoff, Washington, D. C.

2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors. The officers are as follows:

President: Silas H. Strawn, Winston, Strawn & Shaw, 38 S. Dearborn St., Chicago, Illinois. Vice Presidents: W. Rufus Abbott, Chairman of Board, Illinois Bell Telephone Co., 219 West Washington St., Chicago, Ill.; A. J. Brosseau, President, Mack Trucks, Inc., 25 Broadway, New York, N.Y.; Karl DeLaittre, President, Bovey-DeLaittre Lumber Co., 924 Plymouth Building, Minneapolis, Minn.; John G. Lonsdale, President, The Mercantile-Commerce Bank & Trust Co., 8th and Locust Sts., St. Louis, Mo.; Paul Shoup, President, Southern Pacific Co., 65 Market St., San Francisco, Calif. Treasurer: Oscar Wells, Chairman of the Board, First National Bank, Birmingham, Ala. Secretary: D. A. Skinner, Chamber of Commerce of the U. S., 1615 H Street, N. W., Washington, D. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE
(Signature of editor.)

Sworn to and subscribed before me this 30th day of September, 1931.

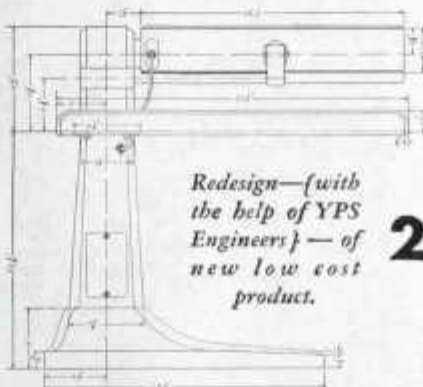
(Seal) WALTER HARTLEY
(My commission expires Sept. 10, 1932.)
Notary Public, District of Columbia

LET US CUT COSTS FOR YOU AS WE CUT COSTS FOR THE MAN WHO BUILDS IRONERS



The old, cast pedestal... weight, more than twice that of pressed steel.

1



Redesign—(with the help of YPS Engineers)—of new low cost product.

2



The finished product (Stampings by YPS) cut estimated costs in half!

3

RESULTS

This manufacturer says: "The new pressed steel pedestal weighed less than half that of the cast pedestal, gave us a better finish, eliminated machining and cut our estimated production costs in half!"

WRITE

May we do for you what we have done for many, many others? A survey costs you nothing. Does not obligate you in the slightest. Write for free booklet, "Adventures in Redesign"—it tells the story.



"Press it from Steel Instead"

The
YOUNGSTOWN PRESSED STEEL
Company

312 UNIVERSITY ROAD

WARREN, OHIO

A COMPLETE ENGINEERING & MANUFACTURING SERVICE

When writing to THE YOUNGSTOWN PRESSED STEEL COMPANY please mention Nation's Business

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THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

Stretching Your Advertising Dollars

ADVERTISING dollars today are being called upon to do more than double duty. How can they be made to measure up to this greater responsibility?

The philosophers tell us that the way to get more out of life is to put more into life. If this type of reasoning be sound, then we cannot be far wrong when we say that the way to get more out of the advertising dollar is to put more into the thing for which that dollar is spent.

This, it would seem, involves a better understanding of four things:

1. The part the advertised product plays in the lives or businesses of those to whom it is to be sold.
2. The trade factors through whom the product is distributed and sold.
3. The advertising channels through which the trade and consumer may best be reached.
4. The kind of copy that will make the strongest appeal to trade and consumer.

We must realize that buyers today are interested not in how a product is made, but in how that product will make them happier, more comfortable, wiser, richer, or more powerful.

Gone are the days when a mere announcement to the trade resulted in orders. Today the success of advertising depends largely upon enthusiastic trade cooperation, and such cooperation is rarely given to the manufacturer who fails to understand the problems of the trade factors through whom he sells.

There are many advertising mediums. All are good. But not all are equally good for every purpose. A better understanding of the relative value of the various media is essential.

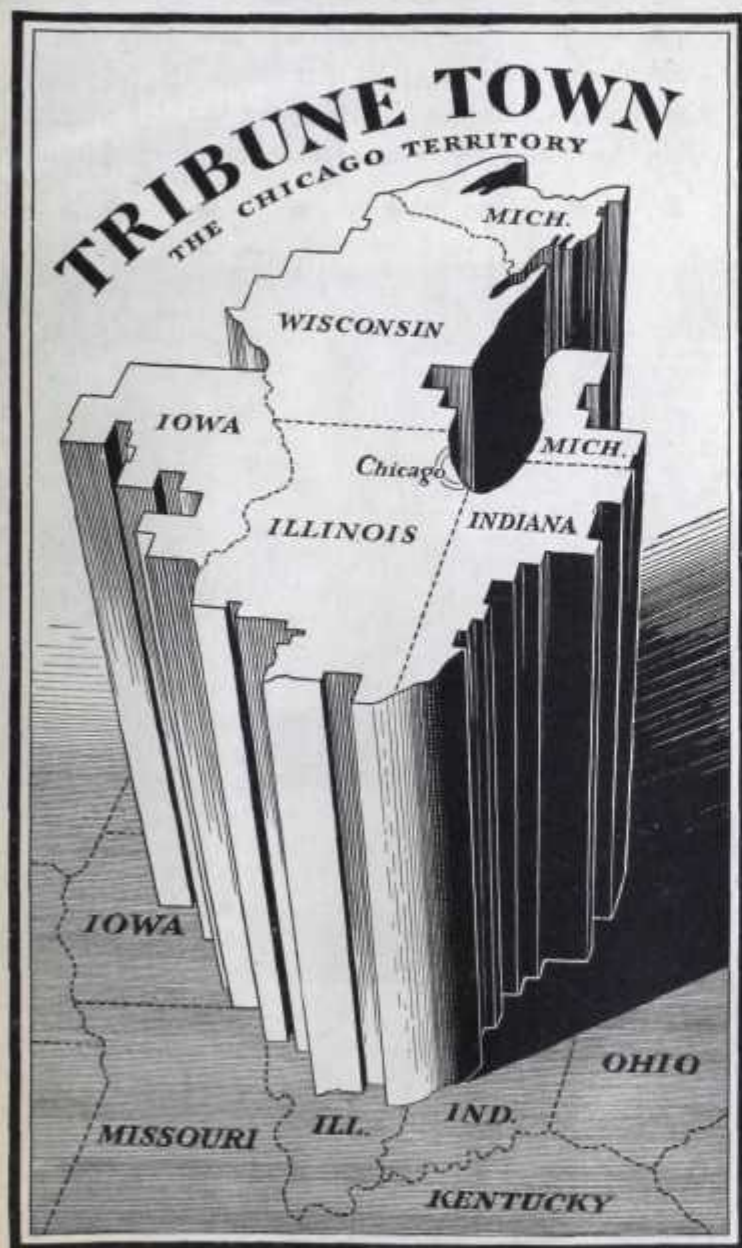
The most important element in advertising—copy—is the least understood by the average advertiser. It is important that advertisers either learn more about good copy or learn to trust in advertising men who know good copy.

The surest way to make advertising pay bigger dividends is to see to it that your Advertising Dollars do more work.

H. K. DUGDALE, Vice-President
Van Sant, Dugdale & Corner, Inc.
Baltimore

TRIBUNE TOWN

towers above every other newspaper market



TO the manufacturer who wants to sell large volumes of merchandise profitably today, no market in America offers such genuine opportunity as Tribune Town.

Here is a small nation in size and population.

Its 12,200,000 people spend over 5½ billions of dollars at retail every year.

By advertising in one newspaper, you can reach into the homes that do 42% of this tremendous purchasing.

That one newspaper is the Chicago Sunday Tribune.

From Chicago with its 3,376,000 residents, the Sunday Tribune spreads out and forms 703 cities and towns of 1,000 population and more into this super-community.

No other publication, national or local, that circulates in Tribune Town has anything comparable to the influence on public thinking and buying which the Sunday Tribune exerts.

Put that influence to work for you. Let Sunday Tribune advertising aid in getting commanding recognition for your merchandise in this area that produces 11% of all America's retail purchasing.

Call in a Chicago Tribune man today and get all the facts.

Chicago Tribune

THE WORLD'S GREATEST NEWSPAPER

Eastern Adv. Office
NEW YORK
220 E. 42nd St.

Southern Adv. Office
ATLANTA
1825 Rhodes-Haverty Bldg.

New-England Adv. Office
BOSTON
718 Chamber of Com. Bldg.

Western Adv. Office
SAN FRANCISCO
820 Kohl Bldg.

When phoning or writing a CHICAGO TRIBUNE representative please mention Nation's Business

What has a WATCH got to do with keeping a JOB?

ELBERT HUBBARD once said, "The man who knows the value of Time is a sure winner."

The men who are On Time always are the men the world trusts and believes in. They hold their jobs and go forward in the world. They rely—*have to*—on a watch—like Hamilton—that is accurate *to the dot*.

A Hamilton Watch is an investment in lifelong accuracy. It yields a constant dividend in uncannily accurate time. You never *question* a Hamilton.

Surely the price (as little as \$50) is extremely modest for such a worthy timekeeper.

Visit your jeweler today. Let him show you his beautiful Christmas assortment of Hamilton Watches—in handsome pocket, strap and wrist models. Or send us your name and address and we will mail you an illustrated booklet that shows all our newest gift models. Address the Hamilton Watch Company, 847 Columbia Avenue, Lancaster, Pennsylvania.

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★



Top row, left to right: CLEVELAND. 17 jewels. 14k filled gold, green or white, \$50. CUSHION. 17 jewels. 14k filled gold, green or white. Plain, \$50; engraved, \$52. RALEIGH. 17 jewels. 14k filled gold, natural yellow, green or white, with etched dial, plain, \$50; engraved, green or white filled gold, \$52. WHESTER. 17 jewels. 14k filled gold, white or natural yellow, \$55. FARRAGUT. 17 jewels. With new secometer dial, 14k filled white or natural yellow gold, \$55. Center, left,

above: BANCROFT. 17 jewels. 14k filled gold, white or natural yellow, \$50. Below: EDGEWOOD. 17 jewels. 14k filled white or natural yellow gold, \$52.50. Center, right, above: LINCOLN HALL. 17 jewels. 14k filled gold, white or natural yellow, \$50. Below: WHALLEY. 17 jewels. 14k filled white or natural yellow gold, \$55. Bottom row, left to right: CARRIGAN. 21 jewels. Extra thin model, hand-made case, 18k white or natural yellow gold, raised gold numeral dial, \$200. PIRING

ROCK. 19 jewels. 14k white or natural yellow gold, \$125. OAKMONT. 19 jewels. 14k white or natural yellow gold, raised gold figure dial, \$90. BYRON. 19 jewels. 14k white or natural yellow gold. Silver dial, luminous figures, \$150. MASTERPIECE, Model "C." 23 jewels. Hand-made case of 18k white or natural yellow gold; sterling silver dial, 18k raised gold numerals, \$250. Other beautiful gift Hamiltons for men and women at \$50, \$55, \$150, and so on up to \$600.

Watches here pictured five-sixths actual size

When writing to HAMILTON WATCH COMPANY please mention Nation's Business

The Telephone

helps Skelly Oil increase business and cut costs



THE Minneapolis division of Skelly Oil Company uses the Telephone Plan of Market Coverage regularly to contact 1000 persons. In a single day, 42 car-

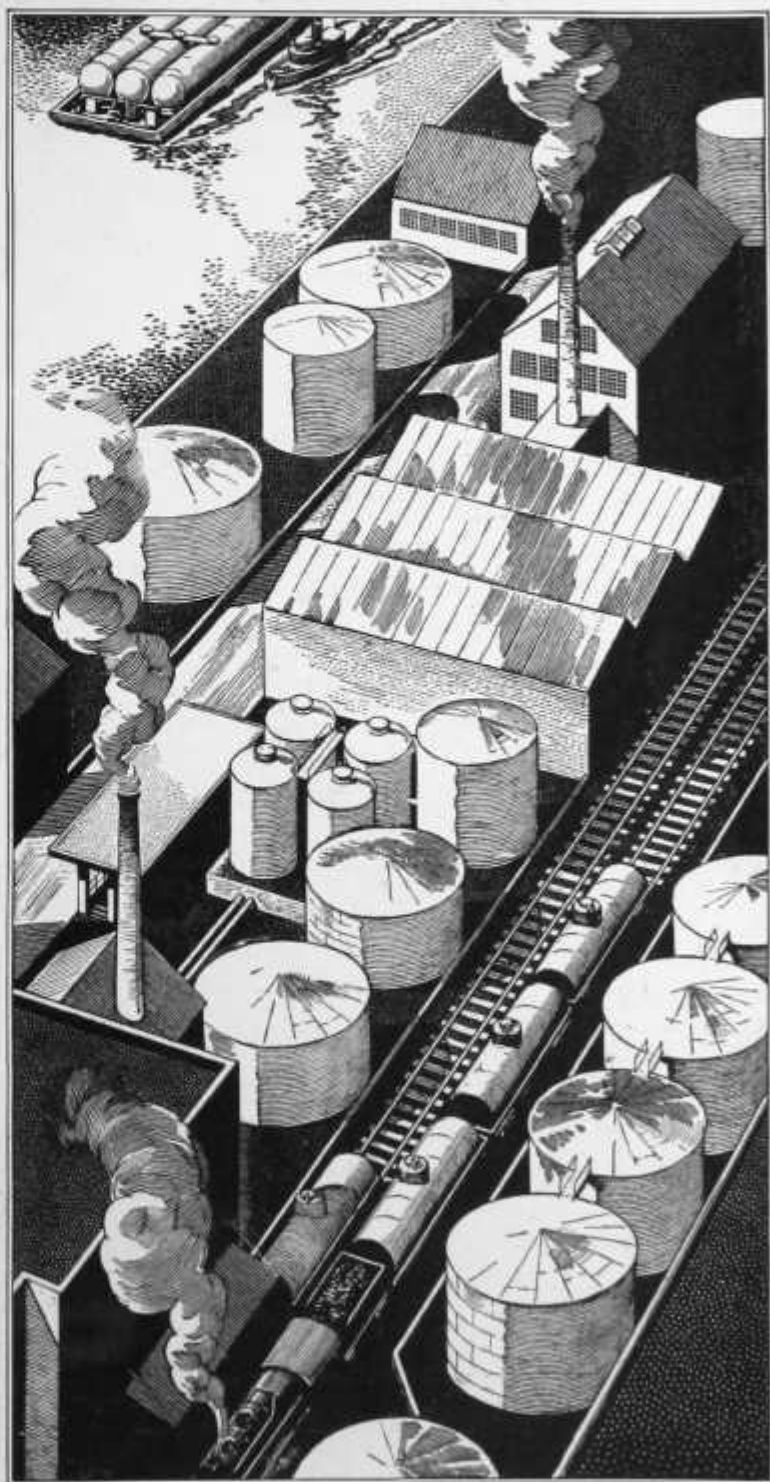
loads of petroleum products valued at \$24,000 were sold by Long Distance at a telephone cost of \$110.65. In one month, the plan produced 467 sales, amounting to \$293,080, at a selling cost of \$1008, or less than $\frac{1}{2}$ of 1 per cent.

Trained telephone salesmen carry on the work for Skelly Oil. Two-thirds of all calls are made to existing customers, one-third to prospective ones. Prospects are not approached "cold"; they are first visited by the salesmen in person. The telephone sales work does not supplant the salesmen's personal visits; it supplements them.

The telephone is used not only for sales, but for making collections, building good will, announcing price changes to the wholesale trade. Telephone reminders urging customers to telephone their orders collect are attached to outgoing sales correspondence.

Telephone charges are low. Typical station-to-station day rates: New York to Boston, \$1; St. Louis to Kansas City, \$1.15; Memphis to Savannah, \$2.35.

The Telephone Plan of Market Coverage was developed by the Bell System to help its customers increase their business and cut costs. An experienced telephone representative will gladly study the specific needs of your company and explain how the various features of the plan can be applied to meet them.



JUST CALL YOUR BELL



TELEPHONE BUSINESS OFFICE

"Give me Lucky Strike Every Time"

"My throat is all important to me. No harsh irritants for yours truly. Give me LUCKY STRIKE every time. And pat yourself on the back for your new Cellophane wrapper with that tab which makes the package so easy to open."

Dorothy Mackaill

Dorothy Mackaill is the same fascinating, rollicking personality in real life as the parts she plays. Watch for Dorothy in her next **First National Picture**, "**Safe in Hell.**" There is never a dull moment in any of **First National's** pictures starring that Mackaill girl.

"It's toasted"

Your Throat Protection — against irritation — against cough

And Moisture-Proof Cellophane Keeps that "Toasted" Flavor Ever Fresh

MOISTURE-
PROOF
CELLOPHANE
Sealed Tight
Ever Right
THE UNIQUE
HUMIDOR
PACKAGE
Zip —
and it's open!

* Is Miss Mackaill's
Statement Paid For?

You may be interested in knowing that not one cent was paid to Miss Mackaill to make the above statement. Miss Mackaill has been a smoker of LUCKY STRIKE cigarettes for 6 years. We hope the publicity herewith given will be as beneficial to her and to First National, her producers, as her endorsement of LUCKIES is to you and to us.